Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel Shk3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1500	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils.500	Sweden SKr8.00
Egypt E£2.25	Lebanon L£100.00	Switzerland SFr2.20
Finland Fmk7.00	Luxembourg LFr48	Taiwan NT$85
France FFr6.50	Malaysia Rin4.25	Thailand Bht50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Netherlands Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr7.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,319 — Monday August 24 1987 — D 8523 A

Behind bravura of Nicaragua's Sandinistas, Page 8

World News

Neo-Nazis arrested at Hess cemetery

Neo-Nazis flocked to the small Bavarian town of Wunsiedel ahead of Wednesday's funeral of Rudolf Hess, Hitler's deputy, and about 90 demonstrators were arrested.

West German police said they were expecting more trouble as right-wing extremists continued to enter the town. One group of neo-Nazis shouting "revenge for Hess" marched to the Hess family grave but police then closed the cemetery until the funeral.

Flood emergency

Bangladesh is sending special envoys abroad to seek emergency aid for victims of the floods that have affected nearly 20 per cent of the country's population.

Gun laws action

Britain's Home Secretary Douglas Hurd is having urgent talks with his top officials on gun law changes following last Wednesday's Hungerford massacre in which 16 people were shot dead.

Release blocked

Iran has blocked a $5m deal to free Terry Waite, the Archbishop of Canterbury's special envoy, kidnapped in Beirut seven months ago, according to a Lebanese militia source.

Cancer climb

Three Japanese cancer patients, two men and a woman, reached the peak of Europe's highest mountain, Mt Blanc, as part of psychological treatment aimed at overcoming the disease.

Freedom rally

More than 500 Lithuanians sang religious songs and chanted "freedom, freedom" in a Vilnius square to mark the 48th anniversary of the Nazi-Soviet pact which led to Lithuania's incorporation into the USSR.

Blockade threat

Spanish fishermen in Huelva threatened to block the nearby border with Portugal if the Government did not protest over the firing on a Spanish trawler last week by a Portuguese patrol boat.

Polish refugees

Italy will not send home 4,000 Poles who left for economic reasons but officials said that few of them would qualify for political asylum.

Pironi killed

Former French Formula One Grand Prix racing driver Didier Pironi, 35, and two other men were killed when their power boat crashed during a race off the Isle of Wight, southern England.

Trial fast

The Rawalpindi trial of five Palestinians for last year's hijacking of a Pan American jumbo jet in which 22 people died was delayed because of a hunger strike by the accused.

Blackmail condemned

French Foreign Minister Jean-Bernard Raimond described as "abominable" blackmail threats by Islamic Jihad to take revenge on three French hostages in Lebanon because of prison conditions of Shia Moslem prisoners in Kuwait.

Dali donation

Irish art collector Peter Moore, former secretary to painter Salvador Dali, said he was donating his 300 Dali paintings collection to the Spanish state.

Gorbachev denial

The White House denied a Los Angeles Times report that Soviet leader Mikhail Gorbachev would meet President Reagan in Washington next month after attending a UN General Assembly meeting.

Rebels killed

Government troops in Mozambique killed 72 rebels and destroyed three rebel camps during search-and-destroy operations last week, according to Maputo radio.

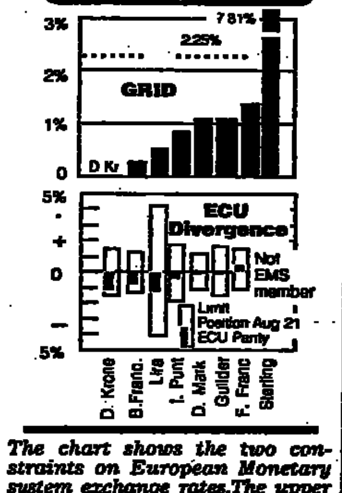
Business Summary

Hanson buys stake in Morgan Grenfell

MORGAN GRENFELL has become the latest UK financial services group to attract potentially predatory investors. Hanson Trust, UK-based industrial conglomerate, confirmed that it had acquired a 3.3 per cent stake, joining Australian entrepreneurs Mr Robert Holmes a Court and Mr Alan Bond.

Hanson Trust commented last night that it had bought its shares in the banking and fund management group several weeks ago and that "they are held very much as an investment." Page 10

EUROPEAN Monetary system: The Danish krone steadied after its sharp fall the previous week, reacting favourably to news of a snap general election in Denmark on September 6. Early polls suggest a narrow majority win for the previous ruling coalition. A sharp fall by the dollar against the D-Mark increased fears of renewed pressure on weaker members. The Danish krone remained the weakest currency but was still well within its divergence limit.



The chart shows the two constraints on European Monetary system exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (Ecu), itself a basket of European currencies.

TOKYO: Share prices closed higher in Saturday's half-day trading. Buying centred on domestic oriented shares, brokers said. The Nikkei index rose 205.81 to 25,764.99. Turnover was 650m shares. Page 23

ATLAS COPCO, Swedish compressors and mining, construction and industrial equipment manufacturer, suffered a fall in profits after financial items in the first six months of the year to SKr 404m ($63m) from SKr 424m a year earlier. Page 13

DU PONT do Brasil, subsidiary of the US-based chemicals company, is to invest $450m in conjunction with Brazilian partners over a five-year period, beginning with a titanium dioxide plant. Page 13

MAN Commercial Vehicles, West Germany's second-largest heavy truck producer, suffered extraordinary losses totalling DM60m ($37m) in two overseas territories during the year ended June 30. Page 13

BANCO Comercial Portugues, first private commercial bank to appear in Portugal in 1985 after a decade during which nationalised banks dominated the scene, has applied for permission to issue 150,000 shares on the Lisbon and Oporto stock markets. Page 13

EQUITICORP, New Zealand financial services and investment group, offered to drop its legal action against Guinness Peat if the UK company agrees not to implement management changes at its merchant banking arm, Guinness Mahon, without the approval of shareholders. Page 14

ITALY registered its third consecutive monthly current account deficit in July - thanks partly to the relaxation of exchange controls.

BRITISH Inland Revenue is allegedly refusing to pay the UK Woolwich Building Society £57m ($35m) in tax it extracted from the society twice over. Page 4

A do at the zoo keeps the creditors at bay

BY ANDREW TAYLOR IN LONDON

IT IS charming and appropriate that City of London brokers and dealers, at ease with the lexicon of bears, bulls and stags, should wish to spend some of their leisure among convivial company down at the zoo.

London Zoo, in Regent's Park, has over the past few years become a fashionable venue for receptions and parties. These "thrashes", or "bashes" as they are called for some peculiarly British reason, take place in the evening after the 35 acre grounds - housing one of world's most prestigious animal collections - are closed to the general public.

One of the latest City organisations hosting a "do at the zoo" is the Forex Association of London, representing more than 3000 foreign exchange, bullion and currency dealers: it plans to hold its annual "summer event" there next month.

Vickers, the brokers, and Arthur Andersen and Peat Marwick McLintock, the accountants, are among a number of City firms to use the zoo for parties during the last eight months.

Dai-Ichi Kangyo, a Japanese bank, is organising a barbecue next month.

Perhaps there is something in the way black-handed spider monkeys (Ateles geoffroyi) hurl themselves around their cage, reminiscent of the confusion on the dealing room floor, which excites jaded City professionals.

Whatever the attraction, the Zoological Society of London, which runs the London Zoo and another, smaller one at Whipsnade in Bedfordshire, could do with the extra income.

The society, founded in 1826 by Sir Stamford Raffles, who also established Singapore, has until recently been better known for its scientific and educational work than its commercial acumen.

Operating losses since 1980 have been running at between £1m - £2m a year ($1.62m - $3.24m) as a fall in attendances coincided with a heavy repair and maintenance programme at London Zoo, costing £500,000 annually, which could not be delayed.

A three-year rescue programme, sponsored by the Government and worth £8m, expired in March with the society as far a way as ever from making a profit.

Figures due to be published

Continued on Page 10

Syria under pressure to reconsider support for Iran in Gulf war

BY ANDREW GOWERS, MIDDLE EAST EDITOR, IN TUNIS

SYRIA was last night under renewed pressure to reconsider its support for Iran in the Gulf war, as Arab League foreign ministers resumed an urgent effort to overcome the rifts the conflict has caused in the Arab world.

At an emergency session in Tunis ministers struggled to maintain the momentum of diplomacy aimed at ending the seven-year-old confrontation between Iran and Iraq after last month's unanimous UN Security Council resolution calling for a ceasefire.

But all those who spoke last night - including representatives of radical Libya, Algeria and South Yemen, but not Syria - expressed solidarity with Kuwait and Saudi Arabia against what was termed the Iranian threat. Several ministers condemned Iran's role in the Mecca riot a few weeks ago, in which 402 people died.

There were also suggestions that Saudi Arabia was leading an effort to revive a joint Arab defence pact signed in 1950, which would enable the Arab world to rally firmly behind Iraq whilst implicitly warning Iran against spreading the war.

Prince Saud al-Faisal delivered a strong attack on Iran. He said Arab states should 'adopt a unified Arab position because it is clear that Iran does not want to stop its war and wants to expose the whole region to the danger of foreign intervention.'

He accused Tehran of laying mines in the waters of the Gulf, of intervening in internal Lebanese affairs, and of adopting terrorist practices which were against the nature of Islam. He said it was inevitable that the Arab world's relations with Iran would be affected.

Last night's meeting was called by Tunisia at the instigation, it is assumed, of the conservative Gulf states which feel most threatened by a spread of the Iran-Iraq war, notably Kuwait.

Prince Saud al-Faisal

Western diplomats in Tunis say the meeting of ministers has three main purposes:

● to convince Iraq there is still some point in diplomatic efforts to end the war, and thus to continue to refrain from attacking tankers in the Gulf.

Under Western and Arab pressure, Baghdad has operated a de facto ceasefire in the "tanker war" since last month's UN resolution, but in recent days it has shown increasing signs of impatience. A resumption of Iraqi attacks on ships trading with Iran would almost certainly herald a military escalation in the Gulf, since Iran has repeatedly threatened to retaliate.

● to re-emphasise Arab concern about the war to the world community at a time when the international consensus underlying the UN ceasefire call shows signs of cracking.

Some Gulf countries, prompted by Iraq, want to go further and call for a second UN resolution providing for sanctions against Iran.

● to present as solid as possible a front against Iran. Essentially this means persuading Syria - which has been Tehran's only consistent Arab supporter in the war - to change sides. In response Mr Farouk al-Sharaa, the Syrian Foreign Minister, was likely to reiterate his view - shared by Libya and Algeria - that it is important not to isolate Iran. He was also expected to offer Syrian mediation in the Gulf war, an offer which has already been flatly rejected by Iraq.

A shift in the Syrian stance would be a major setback for Iran. But President Hafez al-Assad of Syria is still considered unlikely to change his position.

Tony Walker in Bahrain adds: Reports that a US helicopter carrying a US television crew crashed in the Gulf on Saturday were either a deliberate piece of disinformation or a case of a wild rumour being given more credence than it deserved, according to US officials.

The initial story was denied by the US navy, but when IRNA, the Iranian news agency, reported that Iran had plucked five bodies from the sea interest was rekindled.

IRNA subsequently retracted its story, saying there had been a misunderstanding. But it quoted, nevertheless, an Iranian naval commander as saying that a US helicopter had crashed on Saturday.

Editorial comment, Page 8

Workers in China hit by rise in inflation

By Robert Thomson in Peking

THE CHINESE Government has admitted that the standard of living of some workers has fallen this year because of a rise in inflation.

Concerned by the rise in food prices it has reintroduced subsidies and ceilings in recent weeks in an attempt to curb criticism of its urban reform programme.

The government intervention in the market is a major setback for price reforms designed to let the market set the price of most products.

A government spokesman, Mr Yuan Mu, said the national retail price index rose 6.3 per cent in the first half of the year, though vegetable prices increased by 17.8 per cent, and meat and poultry prices went up 10.9 per cent.

In larger cities, which have been introducing price reforms, the index rose 9.1 per cent.

Inflation will be a key issue at a Communist Party congress in October, when the economic reforms will be reassessed.

Reformers in the Government have highlighted the price rises now in an attempt to short-circuit conservative criticism of the reforms, and have blamed profiteering middlemen for some of the increases.

Mr Yuan said that other problems included abnormal weather conditions that had hindered vegetable output, increases in raw material prices on the domestic and international markets, and a lack of co-ordination.

"It is normal for prices to fluctuate with changes in supply and demand, but we will not allow sharp price increases," he said.

Mr Yuan also made the rare admission that "the standard of living for some workers has got worse."

Workers on fixed salaries, including most government employees, have been hardest hit

US air traffic safety plan for nine airports

BY LIONEL BARBER IN WASHINGTON

THE US Department of Transportation has proposed restrictions on air traffic at nine of America's fastest growing airports in response to the recent steep rise in mid-air near-collisions.

The extended safety measures require that commercial aircraft with more than 20 passenger seats have a collision warning system on board, and that all aircraft, whatever the size, keep in touch with ground control when flying near designated restricted airports.

Most of the larger commercial airlines already fit collision warning systems to their aircraft and the new requirement would mainly affect the smaller operators.

It is unclear how soon the rules can be put into effect. They must be debated in public and face strong opposition from the private pilots' lobby who have fought in the past against what they regard as unnecessary air space restrictions.

Mr John Baker, president of the Aircraft Owners and Pilots Association, said yesterday: "It is pitiful public relations work with no relationship to reality."

Public concern has risen sharply since the August 1986 mid-air collision between a DC9 and single engine aircraft at Cerritos in California which killed 82 people and prompted the Department of Transportation inquiry.

Only 10 days ago, a helicopter carrying President Reagan to his California ranch was involved in a "near miss" with a single engine aircraft.

The prime target of the new restrictions would be private pilots who often fly without instruments but who rely on visual flight rules.

Only half the 200,000 private aircraft in the US are equipped with a device which transmits an aircraft's altitude to air traffic control on the ground.

Under the proposed rules, private aircraft would have to carry collision avoidance equipment that alerts a pilot when another aircraft comes dangerously close, and advises a pilot on evasive action.

Mrs Elizabeth Dole, Secretary of Transportation, announcing the measures on Saturday, said: "If fully operational, they will eliminate mid-air collisions."

The nine airports to apply the restrictions are: Washington Dulles, Baltimore-Washington, Orlando, Tampa, Phoenix, Salt Lake City, Charlotte-Douglas, Memphis International, and William P Hobby in Houston. Twenty three airports apply the restrictions at present.

So far this year, there have been 610 near collisions in the US, compared to 840 last year.

But the number of near misses between large passenger aircraft has risen sharply from 82 in 1986 to 150 this year.

There are about 18,000 flights daily in the US.

Kenneth Gooding adds: The Federal Aviation Agency's own records indicate substantial under-reporting of near-collisions. In 1968, when the agency gave immunity to pilots filing such incidents, it received 2,230 near-collision reports.

Pilots normally are reluctant to file near misses because the reports lead to lengthy investigations which can damage their careers.

Also the filings are voluntary because the agency does not require pilots to report such incidents.

On the other hand, agency officials point out that many near misses are not all that close: the agency defines near collisions as any event involving an aircraft coming within 500 feet of another or when a pilot decides a "collision hazard" existed.

S Africa's economic growth slowing down, bank reports

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S Reserve Bank today underlines the vulnerability of the country's economy to work stoppages, such as the two-week-old black miners' strike.

The Bank says in its Annual Economic Report, published in Pretoria, that this year's officially targeted 3 per cent real growth in gross domestic product (GDP) is unlikely to be achieved as economic growth slowed in the first two quarters of the year.

The report does not mention the miners' strike which has affected more than half of the country's gold mining industry. But economists in Johannesburg warn that it could lead to a further slowing of economic growth. It is officially estimated that real economic growth of 3 per cent is needed if unemployment is not to increase.

By the second quarter real economic growth had slowed to an annualised rate of 1.5 per cent, not least because of various work stoppages between April and June.

Annualised real growth was 2 per cent in the first quarter, the Reserve Bank notes, though this was lower than the 3.5 per cent rate of the final two quarters of 1986.

Current economic policy is founded on domestic stimulation as foreign debt repayments and South Africa's continuing exclusion from the foreign capital markets have removed the economic multiplier of surplus on the current account of the balance of payments. However, the Reserve Bank is concerned at the economic upswing's apparent inability to sustain itself.

The Bank says it had become apparent by this year's third quarter that the upswing was not gaining as much momentum as projected at the start of the year.

It adds that the decline in real growth rates since the start of the year showed that this upswing has not yet succeeded in developing a cumulative, self-sustaining and self-reinforcing character.

The upswing has been accompanied by little growth in the private sector's demand for bank credit. The Reserve Bank attributes the business sector's aversion to additional debt to the existence of surplus production capacity, low levels of fixed investment, declining inventory levels and relatively slow import growth.

Private sector debt demand is constrained by low growth in real disposable incomes, reluctance to increase existing household debts and a perceived lack of buoyancy in future income prospects.

On a more positive note, the Bank says that the foreign debt position remains sound. The ratio of foreign debt to annual exports had been cut to 108 per cent in 1986 from 171 per cent in 1984. It contrasts South Africa's performance with other developing countries in the West whose aggregate foreign debt ratios rose to 355 per cent in 1986 from 277 per cent in 1984.

At the end of June gold and foreign exchange reserves were R7.8bn ($27.06bn), equivalent to 3½ months' imports. At the end of July the central bank's gold holdings were 6.2m ounces against 3.7m ounces at the end of July 1987.

THE strike by more than 300,000 black South African miners entered its third week with union reports of lock-outs and the settlement of a wage dispute at the Rand Refinery. On the West Rand, about 1,000 miners were sacked on Saturday after failing to heed a company directive to return to work. A further 16,000 strikers face dismissal if they fail to return to work at mines managed by the Anglo American group this morning. Page 2

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OVERSEAS NEWS

S Korean striker's death touches off fresh protests

BY RICHARD GOURLAY IN SEOUL

A STRIKING shipyard worker was killed in clashes with riot police in South Korea at the weekend, becoming the first casualty in the nationwide strikes that have hit production at more than 1,600 companies in the last two months.

Workers at the Koje shipyard of Daewoo Shipbuilding and Heavy Machinery said the 21-year-old victim was among 3,000 demonstrators calling for higher wages.

They said he was struck by shrapnel from a tear gas canister fired by riot police. Police said the result of an autopsy had not yet revealed the cause of death.

The demonstrators attacked the riot police, who were preventing them from reaching Daewoo's management in a hotel after the company had closed the shipyard gates on Friday. Although management and union leaders agreed to a 5 per cent basic monthly wage increase, the workers had rejected the deal, the company said.

Students protesting against the shipyard worker's death clashed with riot police at Seoul's Yonse university yesterday.

The university was the site of street battles with riot police in June. With popular support from South Korea's middle classes, the student riots at the time led to President Chun Doo Hwan accepting opposition demands for democratic reforms, including direct presidential elections later this year.

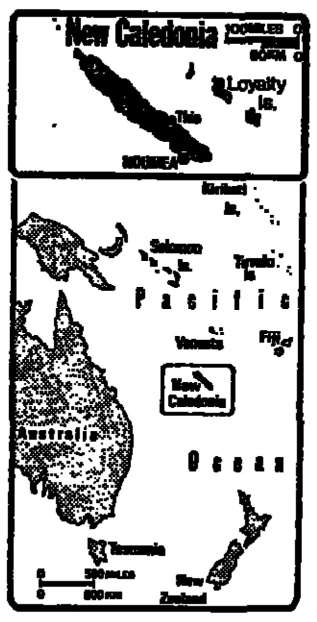
The latest strikes that have swept the country have been dominated so far by demands for higher wages and the right to set up democratic trade unions and have no apparent political motivation. The students are showing more interest in worker protests than the workers showed in the student-led struggle for democratic changes in June.

The government yesterday continued its recent policy of trying to cool temperatures in the labour unrest.

Before June government riot police were frequently called on by companies to break up strikes and prevent the establishment of free trade unions.

Mr Chung Kwan-yong, the Interior Minister, urged the police to reveal publicly the results of the autopsy even if it showed the shipyard worker had died of police violence.

Daewoo's Koje shipyard is the country's second largest yard behind the Hyundai yard, where a management lockout of workers was last week temporarily resolved after government intervention forced the management to negotiate with elected trade unions.



Kanaks in second day of clashes

By Chris Sherwell and George Graham

POLICE in France's South Pacific colony of New Caledonia were reported to have been called in to deal with a fresh demonstration by indigenous Melanesian Kanaks yesterday, one day after using batons and tear gas to disperse peaceful protesters in the capital, Noumea.

The protests appear to be part of a series inspired by the pro-independence Front de Liberation National Kanake Socialiste (FLNKS) ahead of a referendum on New Caledonia's future scheduled for September 13.

The FLNKS has called for a boycott of the referendum and, before a ban ordered by Paris recently on all demonstrations, it had planned a mass march on Noumea.

In Saturday's demonstration, the first in the capital in some time, about 300 Melanesian Kanaks quietly sat down and locked arms in a central square.

After refusing to respond to an order to disperse, they were set upon by riot police carrying truncheons and shields in full view of whirring television cameras.

Reports of injuries conflicted, but about 10 people were arrested and will appear in the local courts this week.

Yesterday's protest was reported from the outer island of Lifou near Doueoulou. It coincided with a visit by Mrs Lucette Michaux - Chevry, French junior minister in charge of Francophonie.

New Caledonia, whose main island is the largest in the South Pacific outside New Zealand and Papua New Guinea, is the last major stronghold of white colonialism in Melanesia.

France has ruled the archipelago for 135 years and is determined to retain power. New Caledonia is one of the world's largest nickel producers outside Canada and the Soviet Union, and is important strategically in relation to the French nuclear testing ground at the Mururoa Atoll in Eastern Polynesia.

In France, Mr Roland Dumas, the former socialist foreign secretary, said the incidents in New Caledonia recalled what was now happening in South Africa as well as the worst excesses of the era of colonial repression.

Manila unrest grows over oil

BY ROGER MATTHEWS IN MANILA

THE PHILIPPINES faces the threat of increased labour unrest this week as organised opposition mounts to the government's announcement of a 20 per cent rise in oil prices.

An organisation calling itself the Coalition Against Oil Price Increases has been formed from trades unions, workers groups and students in an effort to cordinate country-wide action, although the main effort is expected to concentrate on the capital, Manila.

Scattered transport strikes broke out last week but President Corazon Aquino repeated that the government had no intention of revoking the price increase. During a protest demonstration on Friday militant groups shouted anti-Aquino slogans and burned effigies of the president.

With annual inflation now nudging 6 per cent, in part due to the overall increase in economic activity, militant left-wing groups may believe they have a more solid platform from which to attack the government. The national power corporation has already announced that it will be increasing electricity prices next month and bus operators are also seeking higher fares.

Opponents of the oil price rise claim that its impact will be felt quickly throughout the economy and will bear particularly heavily on the lowest paid and the unemployed. In the senate, a bill has been introduced to increase the national minimum wage to compensate for a rise in oil prices, but it seems unlikely to make quick progress.

The Philippines' fuel bill has risen sharply in the past 12 months due to both higher crude oil prices and increased imports. The government is known to have been aware much earlier in the year that some of this increase would have to be passed on to the consumer, but probably judged that it was better left until after the congressional elections.

Turkey bans football before referendum

BY DAVID BARCHARD IN ANKARA

WITH LESS than two weeks to go to Turkey's referendum on September 6 to allow wider political opposition, sport and politics in the country have suddenly become entangled.

All football matches have been postponed until September 12, and Professor Ali Uras, the head of the football association has resigned as a result of a row over relegations from the top league.

The row began when one team at the bottom of the first league opened a court case claiming that it had been wrongly relegated to the lower league.

It won the court case last week and opened the way for a government-sponsored general shake-up of Turkey's football league system in which no fewer than four teams now seem likely to be promoted.

The halt to football until after the referendum has provoked a storm from footballers and the press, who claim that the Government is interfering in football to gain political advantage on the eve of the referendum.

It has also thrown Turkey's international fixtures into doubt as the country may have violated international football association regulations.

Mr Ismet Sezgin, a former Minister of Sport, accused the government of "ugly games" on the eve of the election, while Mr Bulent Ecevit, the former prime minister who is one of 701 politicians the Government is seeking to prolong bans on said: "The Prime Minister is shamelessly making use of even the football leagues in his referendum campaign." The bans were imposed by the military in 1982.

Though football spectators across the country are said to be disgruntled at the stopping of matches for three weeks, there was rejoicing in the four cities which have been promoted.

Neo-Nazis flock to Hess town

By Andrew Fisher in Frankfurt

NEO-NAZIS flocked at the weekend to the small Bavarian town of Wunsiedel, where Rudolf Hess ,the former Nazi leader who died last week, will be buried on Wednesday. About 90 demonstrators were arrested.

West German police said they were expecting more trouble as right-wing extremists continued to enter the town. Some are expected from Britain and the Netherlands.

Shouting "revenge for Hess," one group of neo-nazis marched to the Hess family grave. On their arms were tattooed the letters SS and they carried swastika flags.

After making the arrests, police closed the entrance to the cemetery until the funeral.

Hess died aged 93 in Berlin, where he had been imprisoned for 41 years.

Mr Gerhard Boeden, head of Germany's security service, said right-wing fanatics in Germany were capable of terror attacks, even without a close-knit organisation. Several hundred police and border guards are on patrol in the northern Bavarian area.

Threat to Sudanese coalition

By Andrew Buckoke

SUDAN's coalition government has been threatened with collapse after the decision by Mohamed Osman el-Mirghani to withdraw the Democratic Unionist Party from the alliance with Prime Minister Sadiq el-Mahdi's Umma Party.

The withdrawal of the DUP, led by Mr Osman el-Mirghani, could prove temporary. The DUP said on Friday that it would continue to co-operate with Umma in the national interest. According to the state radio, Omdurman, it has been agreed that "policies and responsibilities will continue unchanged."

But the breakdown underlines the fragility of the 15-month-old democratic government.

It exposes the country to the increased risk of a military coup, and threatens the implementation of a remarkable agreement in principle with the International Monetary Fund reached earlier this month, aimed at reviving an economy burdened by an unserviceable external debt of $13bn.

The dispute in the coalition began at the beginning of the month when Umma rejected the DUP's candidate for a vacancy on the five-man Supreme Council—a collective head of state.

The seat was supposed to be reserved for the DUP, but Umma objected to its candidate's connections with the Nimeiri regime, which was deposed by a transitional military council in 1985.

The DUP, which has 62 seats compared with Umma's 101 in the 301-seat assembly, has agreed on two weeks to discuss the reformation of the coalition under a new charter, or the formation of a government of national unity. The latter is unlikely, because of the fundamentalist Islamic National Front's insistence that it is the natural alternative.

Instability could jeopardise Sudan's agreement with the IMF, which depends on Sudan finding donors to pay off the $680m it owes in arrears to the fund — 55 per cent of the IMF's total world arrears.

Sudan has been kept afloat by the US, western Europe and conservative Arab states for the past two years, but it is unlikely they will be willing to provide substantial new funds to an obviously unstable government.

Moreover, the IMF is demanding a substantial devaluation and there is some doubt that the shaky government likely to arise from current discussions will be able to resist opposition to this from a pathologically anti-IMF urban population.

The regime of President Nimeiri fell after public opposition to his dictatorial style and riots stemming from IMF-instigated food price rises.

Monitors appointed for Guatemala pact

BY JOSEPH MANN IN CARACAS

LATIN American foreign ministers set up at the weekend an international commission to monitor compliance with the Central American peace agreement, signed in Guatemala two weeks ago.

The new panel is to establish neutral groups of observers who will oversee a staggered reduction in military activities, as stipulated in the peace plan. The pact calls for ceasefire, an end to foreign assistance to rebels in Nicaragua and El Salvador, amnesties and a move toward's democracy in the region.

Thirteen foreign ministers from Latin America, plus representatives of the UN and the Organisation of American States, took part in the weekend meeting. The group included representatives of central American governments, the Contadora group and others supporting peace initiatives in the region.

Regional leaders hope that the new commission will be able to provide the international community with concrete signs that fighting in Central America — especially in Nicaragua and El Salvador — is diminishing. However, there is strong concern that the US will continue to support efforts to overthrow the Nicaraguan government.

The US ambassador to the UN, Gen Vernon Walters, was to arrive in Caracas today on an official visit. This is viewed as part of the continuing US pressure to force the Nicaraguan government to demilitarise and make concessions to the opposition.

During the meetings in the Venezuelan capital, the foreign ministers of Colombia and Venezuela held a private conference. It is likely that they discussed the recent frontier incident in the Gulf of Venezuela that raised tension between the two countries to their highest point in recent years. The Colombian minister said afterwards that the meeting helped to reduce the tension. However, no formal talks on this old border dispute have been schedueld.

Opposition rallies against Peru bank nationalisation

BY BARBARA DURR IN LIMA

THE BANK nationalisation proposed by President Alan Garcia of Peru encountered its heaviest political fire yet at the weekend, when tens of thousands of Peruvians protested against the measure. This was the biggest opposition demonstration since Mr Garcia took office two years ago.

The protest was nationally televised and eloquently led by the novelist Mr Mario Vargas Llosa. He has emerged as a new leader of Peru's right wing, though he denies that he intends a political career.

He claimed that the bank nationalisation would open the door to totalitarian control of Peruvian society because the government would control all credit. He feared manipulation of the media through bank credit.

Mr Garcia, meanwhile, has taken his most fiery populist rhetoric on what is virtually a nightly campaign for the nationalisation. He claims the measure will affect only "four bankers" and asks what does the fate of a few bankers matter when the democracy of a whole country is at stake.

Debate on the nationalisation bill is to resume today in the Senate, which is trying to sort out contradictory figures from bankers and the administration. Bankers say that they have lost $100m in international trade credit lines but the Economy and Finance Ministry claims that Peru has gained $26m in trade lines since the nationalisation proposal was announced on July 28.

Polls put Danish ruling parties narrowly ahead

BY HILARY BARNES IN COPENHAGEN

PRIME MINISTER Poul Schluter's four-party non-socialist minority coalition in Denmark is heading for a narrow victory in the Folketing election on September 8, according to three opinion polls published yesterday.

They all show that the coalition — of conservatives, liberals, centre democrats and the Christian People's Party — plus the radical liberals, the coalition's supporting party over the past five years, will be returned with 46-47 per cent, a margin of about 2 per cent over the socialist opposition.

But the right-wing tax-protest Progress Party, with 3-4 per cent of support, may hold the balance between the coalition and the socialists, according to the polls.

Although the Prime Minister says the coalition will stay on if there is a right-wing majority, including the Progress Party, the radicals say they will not support a government dependent on Progress Party votes.

"We hope this situation won't arise. It would be unhappy and dangerous if it does," said Mr Niels Helweg Petersen, the radical leader, on Friday. He described the resulting parliamentary situation if the Progress Party holds the balance as "chaotic."

Spanish air controllers may repeat strike

By David White in Madrid

HOLIDAY flights to and from the tourist areas of eastern Spain began returning to normal yesterday after a one-day strike by air traffic controllers at Barcelona airport, which caused long delays to charter services, particularly from Gatwick and Manchester.

However, even worse disruption is threatened this coming Saturday, when the controllers plan to repeat their action and to challenge the minimum service provisions laid down by the administration. A further 24-hour action is planned for September 5.

The strike, which ended at 8 am yesterday, disrupted about 80 per cent of flights in the Barcelona-controlled zone — covering about one-third of Spanish air space—and affected an estimated total of 150,000 passengers, including at least 20,000 holidaymakers in UK airports. The airport of Palma de Mallorca, a centre for the UK and West German charter trade, was the worst hit.

Also affected were connections with Alicante, which serves the resort of Benidorm, as well as Ibiza, Valencia, Reus and Barcelona itself.

More than 80 aircraft were stranded at European airports on Saturday afternoon, and thousands of travellers had to cope with delays of between two and five hours. The Spanish national airline Iberia cancelled 10 flights.

The air traffic controllers are claiming extra monthly payments for "special services" which they had been receiving since 1979 but were dropped following a recent wage agreement.

The action has brought Spain its second round of holiday chaos this year after a series of strikes this spring by Iberia ground staff.

S African dispute in third week

By Jim Jones in Johannesburg

THE STRIKE by more than 300,000 black South African miners has entered its third week with union reports of lock-outs and the settlement of a wage dispute at the Rand Refinery.

About 1,000 miners were sacked on the West Rand on Saturday after failing to heed a company directive to return to work. The National Union of Mineworkers (NUM) says the sackings followed a lock-out of about 3,000 men.

A further 18,000 strikers face dismissal if they fail to return to work at mines managed by the Anglo American group this morning. According to the NUM the men have been locked out of hostels at the Vaal Reefs, Saaiplaas and Western Holdings mines.

Anglo American dismissed 4,000 men at its Western Holdings No 1 shaft on Friday and says it is to close the shaft.

Concern that South Africa's entire production of refined gold might be halted by industrial action at the Rand Refinery has been allayed by a settlement of a wage dispute.

Two weeks ago about 200 NUM members struck briefly in support of wage claims at the refinery, which refines all of South Africa's gold. The stoppage did not affect the refinery's operations and the dispute has been settled with agreement that refinery workers' wages be increased by between 18 per cent and 28 per cent.

Black mineworkers are striking in support of a demand for a 30 per cent across-the-board wage increase. Last month the Chamber of Mines unilaterally increased wages by between 17 per cent and 23.4 per cent and has said it will not negotiate on further increases.

● Hertz, the world's largest car rental company is to divest from South Africa over the next 18 months.

The company's South African operations are being merged with those of Imperial Car Rental, which will own 60 per cent of the enlarged group equity. The remaining 40 per cent will be owned by Sage Holdings, the South African financial services group.

Hertz has not disclosed financial details of the divestment.

Gorbachev US visit denied

THE WHITE HOUSE yesterday denied a report that Soviet leader Mikhail Gorbachev planned to attend the UN General Assembly meeting late next month and then go to Washington to meet President Ronald Reagan, Reuter reports from Washington.

The Los Angeles Times had quoted informed sources as saying if an agreement is reached before hand in the talks on banning short and medium-range missiles, the two leaders would sign an arms accord in the setting of a full summit conference.

But if Washington and Moscow failed to produce an accord ready for signing by late September, Mr Gorbachev was still prepared to visit Washington

Agreement reached in Argentina oil dispute

BY TIM COONE IN BUENOS AIRES

A LAST MINUTE agreement on Friday afternoon between Argentina's state oil company YPF and petroleum workers, has headed off a strike which threatened to bring the country to a standstill.

Gas and oil shortages throughout Argentina in the past week have been caused by a combination of labour stoppages in YPF and polar winds bringing unusual sub-zero temperatures to the capital. These have produced queues at petrol pumps, disrupted industry, and fuelled a furore of complaints from householders suffering from cold showers and half-cooked meals.

Workers at YPF began shift stoppages during the week, in demand of 500m australs ($235m) owed them by the company in back payments dating from 1981 and 1982 under the former military government. The stoppages have affected fuel deliveries to petrol stations and industries throughout the country.

A major petrochemical feedstock company has been paralysed through lack of fuel oil supplies and numerous other industries have been facing shutdown. If the stoppages had continued over the weekend petroleum cracking plants would have had to be shut down due to the back-up of supplies causing congestion at the YPF refineries.

Following intense negotiations, however, throughout Thursday and Friday, Mr Jorge Lapena, the Energy Secretary, said on Friday afternoon that an agreement had been reached which recognised some of the retroactive pay claims of the petroleum workers, and would also authorise future pay increases as compensation.

Mr Juan Colombetti, the YPF vice president, said that the agreement would not "unduly" affect the group's budget as salaries formed "only 8 to 9 per cent of total expenditure". Petroleum workers are to work overtime this weekend to normalise supplies.

Gas pipelines are meanwhile working at peak capacity to supply 21m cubic metres per day into the distribution system to meet the peak demand caused by the cold spell.

Winter gas shortages have become a perennial problem in Argentina, due to delays in the realisation of new pipeline projects, financing problems and the drawn-out legal dispute between the Argentine Government and the Dutch consortium, Cogasco which was finally resolved this year in favour of Cogasco.

The debt owed to Cogasco for the construction of a large gas pipeline earlier in the decade has caused major headaches for the government, and produced a financial crisis in Gas Del Estado, the state company which owns and distributes the country's gas supplies.

Mr Lapena said that the shortages are liable to continue during cold spells, until new pipelines come on stream next year.

Around 20 per cent of Argentina's natural gas supplies are imported from Bolivia under a 20-year contract which expires in 1992. A dispute has been in force for the past four years over the pricing arrangements, which Argentina wishes to renegotiate but which for Bolivia represent a large part of its export earnings.

Meanwhile, the inadequacy of Argentina's gas distribution network necessitates the venting of up to 20 per cent of its own abundant natural gas supplies, as a by-product of crude oil production.

Canada poised for rail strike

By David Owen in Toronto

SOME 48,000 Canadian Rail workers were poised to strike yesterday as a union imposed deadline to reach agreement on a new two-year labour pact neared.

A stoppage would paralyse the country's two vast railway networks and threaten severe economic consequences, particularly for businesses and communications in western Canada.

Union negotiators imposed the midnight Sunday deadline last week after a series of wildcat strikes had disrupted services in Toronto and Montreal.

Since then, the two sides have been talking around the clock in a bid to resolve differences

Gulf War knocks a hole in television companies' budgets

Tony Walker in Bahrain adds up the cost of shooting film for the latest 'big story'

US TELEVISION companies have long had a reputation for lavish spending in pursuit of a big international story, but few stories can have placed such a burden on news budgets recently as the Gulf crisis.

While the US and Iran endlessly manoeuvre against each other in the Gulf, a parallel struggle for exclusive pictures is being waged among Western TV networks. The TV men's struggle is costing their proprietors tens of thousands of dollars a day.

Competition is particularly intense among the big US networks which have news crews, including cameramen and soundmen, producers, editors and reporters strung out along more than 1,000 kilometres of the Gulf region. Some of their crews are in boats, others are in helicopters or fixed-wing aircraft — and all are hoping to capture a scene that will lead the nightly TV news.

"The problem for television is that if we don't have pictures, we don't have a story," said a network producer, who added wearily: "It's going to be a long vigil. I think we're going to be doing this story for six months or a year to come."

The costs to the networks of maintaining this vigil, already astronomical, are likely to pass through stratosphere if tensions in the Gulf persist and viewer interest remains high.

With the US building up its naval presence in the region to an estimated 41 ships and 20,000 men — the biggest concentration of US naval firepower in peacetime — there is no reason to suppose that the story will suddenly disappear from news schedules.

A nagging worry for network executives is that circumstances are so volatile that the story could develop into a massive international incident and possibly all-out war between the US and Iran in the split second it takes to fire a missile.

"We're going to have to maintain as much of a presence as possible in order to have maximum flexibility," said an American TV producer. He disclosed that the US networks were even handing out small video cameras to captains of commercial ships plying the Gulf waters in the hope that, if something happens, they might get exclusive pictures.

The cost of maintaining one TP crew in the Gulf is estimated to range between $5,000 (£3,060) and $10,000 a day.

The networks—CBS, ABC, and NBC—each have at least three crews in the region. This means that their individual weekly bills for covering the Gulf story probably exceed $250,000.

Apart from salaries, principal costs include daily satellite feeds at about $5,000 per 10-minute session. Most networks are feeding material to their home bases twice a day.

Hire of helicopters, aircraft and boats in the treacherous Gulf region is proving very expensive. Networks are paying up to $3,000 a day for boat charters and between $800 and $2,000 an hour for helicopters.

One of the three main helicopter charter companies operating from the United Arab Emirates said difficulty securing war risk insurance was adding to charter costs.

Other costs of covering the Gulf story include accommodation and communications bills in a region where hotel tariffs are among the highest in the world.

Because the story has stretched network resources to the limit, these organisations have been obliged to bring in contract crews to back up their staff employees.

The London rate for a crew, including cameraman and soundman plus equipment, is †1,000 a day for a normal eight-hour shift. This fee does not include overtime or travel and accommodation costs.

Networks are also incurring additional costs in actually getting film material from boats in the Gulf to locations from where this footage can be fed by satellite to home offices.

One British TV company has been using a high-speed launch to dash out into Gulf waters to retrieve video cassettes from a TV crew bobbing around on a 156 ft supply boat taking pictures of passing convoys. That exercise is costing about †1,500 a journey.

Networks are trying where possible to share costs. Independent television news (ITN) of the UK has a longstanding arrangement with the American Broadcasting Company (ABC). The British Broadcasting Corporation (BBC) has a similar deal with the National Broadcasting Company (NBC).

For Gulf helicopter and supply boat operators, world media interest in the region has proved a windfall at a difficult time.

Most of these operators were forced to scale down their activities because of the slump in the world oil market. But now helicopters have been brought out of "mothballs" to meet demand.

One helicopter operator said the US TV networks were spending "vast amounts of money getting pictures" and intense interest in the story showed no sign of diminishing.

US TV producers and reporters say one problem is the distances involved in covering the story in the Gulf, which stretches for about 600 miles.

Despite a probable impression among viewers that ships are huddling together in the strategic waterway, they are in fact spread out over a big area and are often hard to find. The US Navy is not making the TV job easier by keeping convoy movements secret.

A REPORTED deal to release Church of England envoy Mr Terry Waite in return for $5m has apparently fallen through, according to a senior Moslem security official in West Beirut, Nora Boustany reports.

The Ash Shiraa weekly magazine, reported that Mr Waite, kidnapped since January 20, would soon be freed in exchange for $5m after successful contacts between a prominent Lebanese leader and the kidnappers.

The security official, usually well-informed on hostage affairs, said it appeared that Iran froze the deal because it had not been consulted.

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Japan contract concession 'unlikely to appease US'

BY IAN RODGER IN TOKYO

NEW Japanese proposals to help foreign construction companies compete for contracts on the Y1,000bn ($7bn) Kansai international airport project at Osaka were "probably not enough" to appease the US Congress, Mr Bruce Smart, US Under-Secretary of Commerce, said in Tokyo at the weekend.

For many Americans, the project had become "a flaming symbol of Japan's unwillingness to open its markets," he added.

The omnibus trade bill, now being discussed in Congress, contained specific measures to retaliate against Japan for the obstacles to foreign participation in the Kansai scheme, he reminded the Japanese.

"Japan is seen to want all the business at home, while having a lot of it overseas as well," he said. During trade talks last week in Tokyo with US officials, the Japanese side agreed to provide foreign companies, as well as local ones, with the airport company's plans well in advance of tender calls. This would enable the foreign companies to comment on whether the specifications were discriminatory.

The Japanese also agreed that tenders should specify the job to be done, rather than the minute detail of how it should be done. Unsuccessful bidders would be entitled to an explanation of why they had lost.

However, Mr Smart, speaking at a news conference at the end of the trade talks, was more satisfied with progress on other issues:

● Japanese efforts to prevent further illegal shipments of high technology goods to the Soviet Union were gratifying.

"I have never before found MITI (the Japanese Ministry of International Trade and Industry) so serious and so open to US advice. I am absolutely convinced that the Government of Japan intends to address this problem with the utmost seriousness," said Mr Smart.

He would urge the US Congress to withdraw its proposed ban on imports of goods made by Toshiba companies, agreeing with MITI that it is the Japanese Government's responsibility to punish companies for having made illegal exports to the Soviet Union, the Commerce official added.

● The US hoped to be able to "take favourable action in the not-too-distant future" on removing the 100 per cent punitive tariffs on a range of Japanese electronic goods. These were imposed in April in retaliation for Japan's alleged violation of the bilaterial semi-conductor agreement secured last year.

Mr Smart said removal of the tariffs depended on Japan's semi-conductor export trends. The figures "have been moving in the right direction, but they are not there yet," he added.

● The agreement reached this week, aimed to open the Japanese market for automotive components, was "moderately successful, but much work remains before world-wide Japanese auto parts procurement is truly open to American firms," Mr Smart said.

Peking hits at technology curbs

BY ROBERT THOMSON IN PEKING

A SENIOR Chinese official has complained that China has suffered more than the Soviet Union from restrictions imposed recently on technology exports from Japan. The Japanese have tightened up because of their embarrassment over Toshiba's breach of regulations drawn up by Cocom, the international committee which restricts technology transfers to Communist countries.

Mr Fu Hao, the chairman of a Sino-Japanese friendship committee and a senior adviser on foreign policy, told a visiting Japanese parliamentary delegation at the weekend that technology contracts worth $1.8bn had been disrupted by tougher Japanese controls on exports.

The Chinese complaints come despite a general easing of Cocom restrictions on exports to China in recent years and US assurances that restrictions will be further eased. China clearly wants to stress to the international community that it has done no wrong, and the technology exports to it and the Soviet Union are very different matters.

Meanwhile, the Chinese government has told provincial cities not to initiate any further sister-city ties with Japan until relations between the two countries improve, according to Chinese sources.

It is also understood that China has decided to reduce the number of official visits to Japan, although it will not impose restrictions on Japanese delegations wishing to come here.

Bilateral relations have been strained since the fall in mid-January of Mr Hu Yaobang, the Communist party general-secretary, who had actively sought close relations with Japan and with Mr Yasuhiro Nakasone, the Japanese leader.

Ties have been further complicated by an increase in Japan's defence spending, complaints about Japan's reluctance to export sophisticated technology, the expulsion of a Japanese journalist on alleged spying charges, and a Japanese court decision giving ownership of a Chinese student dormitory in Kyoto to Taiwan.

The court decision has most aggravated Peking, which claims that the ruling recognises Taiwan as a separate "China" and is in breach of Sino-Japanese friendship treaties.

Chinese officials have repeatedly urged the Japanese government to intervene in the case and threatened tough action if nothing is done, though Japanese officials have stressed that their court system is independent of the government.

Numerous Chinese organisations have had to delay or cancel trips to Japan.

World Economic Indicators

Trade Statistics

	June '87	May '87	April '87	June '86
USA ($bn)				
Exports	21.13	20.78	20.50	19.09
Imports	36.84	34.82	33.46	32.34
Balance	−15.71	−14.04	−12.96	−13.25
Japan ($bn)				
Exports	18.80	18.62	19.51	17.49
Imports	12.19	12.19	11.95	10.13
Balance	+6.61	+6.43	+7.56	+7.36
UK (£bn)				
Exports	6.37	6.35	6.60	5.87
Imports	7.14	7.47	7.14	6.48
Balance	−0.77	−1.12	−0.54	−0.61
W. Germany (DMbn)				
Exports	43.01	44.38	43.42	43.95
Imports	34.59	33.73	33.77	34.30
Balance	+8.42	+10.65	+9.65	+9.65
France (FFrbn)	May '87	April '87	March '87	May '86
Exports	69.63	71.51	70.53	69.49
Imports	75.19	75.08	73.81	70.61
Balance	−5.56	−3.57	−3.28	−1.12

Ford signs $12m deal for trucks in Portugal

By Diana Smith in Lisbon

FORD of Portugal has signed a contract with the Institute of Foreign Investment, through which the company will invest $12m in restructing its assembly line at Azambuja, north of Lisbon, to produce pick-up trucks for the domestic and export markets.

Under the agreement the Portuguese state will give Ford a grant of 30 per cent of its fixed capital investment, up to a ceiling of Esc 245m, and Ford will undertake to purchase locally-manufactured components worth Esc 200,000 ($1,400) per manufactured unit.

The Azambuja assembly line has been producing Ford Transit vans, of which 2,000 a year have been exported to Spain.

The Ford agreement with the Foreign Investment Institute guarantees the Azambuja plants 447 jobs, and could act as a springboard to another Ford project the country is anxious to win — construction of an electronic components plant for which Ford-Europe is studying several candidates.

Italy registers further current account deficit

By John Wyles in Rome

ITALY registered its third consecutive monthly current account deficit in July—thanks partly to the relaxation of exchange controls.

The deficit was a modest L553bn ($414m) but is compared with a surplus of L1,459bn in July last year and brings the seven-month deficit in 1987 to L1,852bn, 2½ times greater than the shortfall for the equivalent period in 1986.

In an unusual breakdown of the figures, the Bank of Italy has revealed that capital outflows in July totalled L2,000bn of which about half was net financial investment abroad.

Most of this was carried out by mutual funds.

SHIPPING REPORT

Attack on tanker 'worrying'

By Our Shipping Correspondent

THERE WAS great concern in the London shipbroking community at the weekend over the attack on the Norwegian-owned oil tanker Osco Sierra in the Gulf of Oman.

Several brokers said it was "worrying" that the tanker appeared to have been attacked because it had been reported that it was to load a cargo from Kuwait.

Galbraith's said it had avoided "for some time" referring to fixtures to load from Kuwait except when the details were important to the market.

In the absence of further attacks in the Gulf, attention centred on a reduction in activity which saw only two ultra-large crude carriers fixed—one to western destinations at Worldscale 47½ and the other by the Brazilian state oil company at Worldscale 58.

In other areas, West African freight levels slipped to Worldscale 55 for a 120,000 tons cargoes to the US, but there appeared to be plentiful cargoes from the Mediterranean, where levels appeared stable.

In the dry cargo market, brokers were optimistic that freight rates were on an upward trend, particularly with regard to Panamax and Capesize tonnage.

Andrew Whitley reports how Dubai relieves Tehran's shortages

Iran's lifeline in a sea of hostility

ONE OF the hottest selling items at Dubai International Airport for the hundreds of Iranians returning home every day from a shopping trip to this consumers' heaven is US-made, military-style fatigues.

No substitute will do. When the retailer tried to change his line to another, cheaper brand of waterproof camouflage jackets, disgruntled customers forced the return of the original.

More than 20 flights a week operate between Dubai and Iran, including a daily service to Tehran and Bandar Abbas. Even so, the demand for seats from merchants and private individuals in scarcity-plagued Iran is so strong that all flights are fully booked for the next two months.

"If the war ended tomorrow, Dubai would be cleaned out dry by the Iranians," said Mr M. P. Sharma, general manager of Jumbo Electronics, one of the biggest Sony dealers in the world.

Nor are purchases restricted to consumer goods like television sets and radio/cassette players. Right now, the demand is particularly strong for large appliances: washing machines, refrigerators and above all, in mid-summer, air conditioners.

Loaded aboard Iran Air cargo planes and wooden dhows plying across the Gulf, such manufactured goods make up a substantial chunk of the record $118m Dubai registered as re-exports to Iran—far and away its most important customer—in the first quarter of 1987. By comparison, the figure for the whole of 1986 was $200m.

Dubai and, to a lesser extent, the neighbouring emirate of Sharjah are Iran's window to a world its Government has turned its back on since the 1979 revolution.

Through here shortages of anything from tyres to basic staples such as rice, sugar and tea can be met by merchants—many themselves of Iranian origin—who possess the bank credit and supplier relationships no longer provided to Tehran.

The two small, oil-rich states—part of the seven-member United Arab Emirates—are an invaluable island of political neutrality for Iran in a sea of hostile neighbours. Like Switzerland during the two World Wars, since the outbreak of the Iran-Iraq war in 1980 they have also become a nest of spies and contraband.

> The smugglers' route is a tortuous one across the desert by camel or truck to small ports in Iranian Baluchistan

Judging by the customs statistics, Iran's most important exports to Dubai are fresh fruit and vegetables. More than $13m worth came into the sprawling wholesale market on the city's beachfront during March alone. From there the produce is transported in hundreds of waiting refrigerated trucks throughout the Arabian Peninsula — from Oman to Kuwait.

But much more valuable than the Iranian water melons which could be seen being unloaded off dhows this week at Hamriya port, or the boxes of grapes in cold stores at the nearby market, are the undeclared items—caviar and rare, old carpets.

The smugglers' route is a torturous one. Across the desert by camel or pick-up truck to small ports in Iranian Baluchistan, the consignments are often stashed temporarily on one of the dozens of deserted islands in the Gulf, before making their way to the other side by dhow or speedboat.

Return cargoes usually consist of equally lucrative goods banned in Iran: Scotch whisky, American cigarettes and Japanese video cassette recorders.

The National Iranian Oil Company maintains an office in Sharjah, part of whose functions is to act as a purchasing agency for oil industry supplies. But, like its well-known counterpart in London, this may also serve as a cover for the procurement of arms and spare parts. Once bought, weapons could easily be shipped through Dubai or other smaller ports in the Emirates, with no questions asked.

With so much at stake for both sides, neither the Khomeini regime nor Sheikh Rashid, ruler of Dubai, is anxious to rock the boat. Dubai has avoided taking sides over the Iran-Iraq war and the controversial US intervention in the "tanker war" in the Gulf.

The consideration is returned in equal measure. "Relations between the UAE and Iran are a model we have told other countries to follow," said Mr Bahman Naimi-Arfa, the Iranian charge d'affaire in Dubai.

Support for this pragmatic stance also came from a less predictable quarter: the representative office of Ayatollah Ruhollah Khomeini in the UAE. According to Sayyed Mohammed Hosseini, a black-turbanned mullah, Tehran does not permit any political messages during Friday prayers in Dubai, adding: "It does not want problems in its relations with the UAE."

Next to the new mosque complex which contains the office of the Ayatollah's representative is a 300-bed philanthropic hospital, financed largely by the Red Crescent Society in Tehran. "Islamic veil is essential for entrance," declares a prominent entrance board.

It is a small price to pay for the services of a large medical team who charge all-comers, whatever their nationality or creed, a nominal consultation fee of less than $3.

From the outset, the Khomeini revolution set out to champion the interests of the deprived and the underprivileged. In Dubai, it has managed to temper that instinct with a healthy dose of self-interest which has been of considerable mutual benefit.

Australia seeks to avert beef trade ban

BY CHRIS SHERWELL IN SYDNEY

AN AUSTRALIAN government delegation, sent urgently to Washington at the weekend after the discovery of more contaminated Australian beef exports, will open talks with US officials today in a bid to avert a full ban on Australia's A$750m (US$532) beef trade.

The crisis gathered last week when random tests showed contamination of Australian beef shipments by organochlorine pesticides. The US threatened to halt shipments made before May 25, when Australia imposed new clearance procedures after an earlier discovery.

However, the problem worsened on Friday, when a shipment packed after May 25 was also discovered to be tainted. Now Australia's biggest beef market could be at risk, although no US action is thought likely before the talks this week are over.

So far, in the US this year, nine batches of Australian meat have been found contaminated. Inspectors in Australia are said to have found several dozen instances of contamination at home meanwhile.

The contamination is caused principally by the pesticides dieldrin and heptachlor, and appears to be the result of cattle grazing land where earlier crops were sprayed to kill destructive insects. The use of the two pesticides is now banned in Australia.

Last week, an immediate US ban on Australian beef was averted after meetings involving Australian officials and officials from the US Department of Agriculture and the Food Safety Inspection Service.

The subsequent despatch of the high-level Australian delegation followed direct contact between Mr Richard Lyng, US Agriculture Secretary, and Mr John Kerin, Australian Primary Industry Minister.

Containers of Austrialian beef being held in the US and in storage in Australia are now to be subjected to intensive tests. Fresh arrangements will have to be worked out, though, for future tests if Australia is not to see this lucrative trade impaired.

(Advertisement)

DAI-ICHI KANGYO BANK

DKB ECONOMIC REPORT

August 1987: Vol. 16, No. 8

Japan's economy on way to recovery

Recently, business has stalled in response to further rises in the yen from the end of March to mid-May, although signs of recovery had been observed in the beginning of this year. Mining and manufacturing production decreased 1.6% in April and 1.4% in May on a month-to-month basis. This trend reflects the continuing decline in the volume of exports (dropping 4.2% from April to May from the previous year) due to the rising yen.

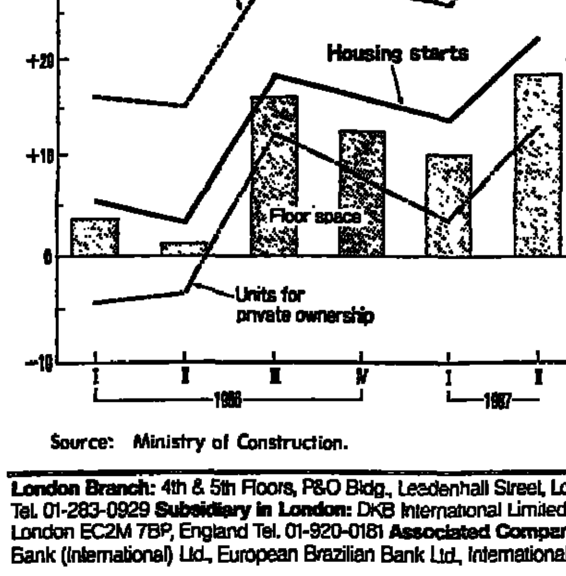
Domestic demand rises

On the other hand, both personal consumption and housing investment remain active. Public investment also advanced in the opening half of fiscal 1987. As a result, domestic demand continues to show steady expansion.

The solid growth of personal consumption can be seen from increased sales by large retail stores, up 6.0% in the April to May period on a year-to-year basis, compared with 3.3% in the January-to-March period. Considering that consumer sales dropped 0.9% in the January-to-March period and remained steady in the April to May period, actual increases in sales in the April to May period are assumed to have grown dramatically over the previous period.

Summer articles, such as apparel and household electrical strong sales, revealing steady consumer demand. Although some negative factors exist, including weak spring wage negotiations and summer bonuses, consumption will remain firm. This is attributed to an upward trend in consumer confidence, owing to anticipation of the ¥1 trillion income tax reduction scheduled for the second half of the year under the emergency economic package, and to signs of recovery in the business environment.

Housing Starts
(Year-to-year changes)



Source: Ministry of Construction.

Housing investments are also showing steady activity following the expansion of available loans from the Housing Loan Corporation (Chart). New housing construction starts showed two-digit growth for eleven consecutive months from last July. Totals from April to May jumped 21.9% over the same period last year.

In addition to favorable progress in rental houses, strong interest in privately owned houses has also been observed. Since privately owned houses usually have a floor area two to three times larger than rental houses, an increase in the construction of privately owned houses contributes significantly to the overall growth of housing investment.

In addition, privately owned houses have a greater ripple effect on consumption than rental houses. Therefore, an increase in their construction of privately owned houses has a more favorable effect on the overall economy

Relative to public investments, public works projects are being carried out ahead of schedule (with 80% under contract in the first half of the year). Under the emergency economic package, an additional investment of ¥5 trillion, scheduled in autumn, is expected to further stimulate domestic demand.

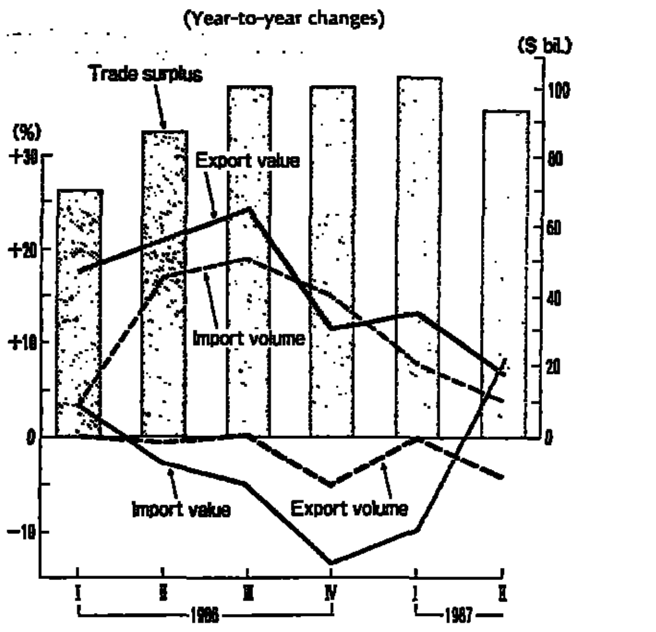
With the support of smooth expansion in individual consumption and housing investment as well as large-scale public investment, domestic demand is expected to show steady progress in the second half of the year. Unless the yen strengthens dramatically, business will solidly improve.

This expectation is also indicated in the "Short-Term Economic Outlook Survey" issued in May by the Bank of Japan. Prospects for major industries include a 0.6% rise in manufacturing in the third quarter over the previous period, even though second-quarter growth will rise only 0.1% in comparison with a 0.8% increase in the first quarter.

Yen's stabilization

Placing business on the path to recovery will be subject to the stabilization of the yen. The yen is currently showing relative stability. However, if it returns to a pattern of rapid gain, business will again stagnate. Important indicators for future trends in the yen rate are the trade balances of the U.S. and Japan. Although the recent trade balance of Japan showed a surplus up until the first quarter under the influence of the J-curve effect, the surplus appeared to narrow slightly in April and May.

Trends in Trade Balance
(Year-to-year changes)



Note: Trade surplus in adjusted annual figures.
Sources: Bank of Japan, Ministry of Finance.

The trade surplus for May in particular revealed a decline of 3.5% from the previous year for the first time in 33 months. The volume of exports also dropped by 5.9% from the previous year, which was more dramatic than April's decrease of 2.5%.

On the other hand, the trade deficit of the United States presented a slight improving trend with $15 billion in February, $13.6 billion in March, and $13.3 billion in April.

However, even though the trade imbalances in the two nations have shown some improvement, careful observation prevents an overly optimistic interpretation of these figures.

First, in order for Japan to continue to reduce its trade surplus, export growth must be controlled and at the same time imports need to expand significantly. However, if the yen does remain stable, exports will exhibit a renewed tendency to rise. Moreover, imports are likely to slow down since last year's increase of imports was due to a special massive import of gold. Thus, further reductions of the trade surplus can hardly be expected to progress.

Second, it will be difficult for the United States to achieve substantial progress in reducing its trade deficit. Although the volume of exports appeared to rise by about 10% over the previous year, imports have not shown a comparable improvement in decline.

Moreover, recent signs of improvement in the budget deficit, a factor in the history of the trade deficit, are considered as tentative due to the preceding period of tax increases resulting from the recent tax reform. The budget deficit is expected to increase again during fiscal 1988 (October 1987 to September 1988).

Therefore, future movements of the yen will be subject to these two major factors: (1) the efforts of the U.S. to reduce its budget deficit and recover its competitive position in exports and (2) the ability of Japan to restructure its economy from dependance on exports to a stronger base in domestic demand.

The next DKB monthly report will appear Sept. 24.

NOTICE OF REDEMPTION

To the Holders of

Dresser Overseas Finance N.V.

12½% Guaranteed Notes due 1989

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12½% Guaranteed Notes due 1989 of Dresser Overseas Finance N.V. (the "Company") that, pursuant to the provisions of Section 4 of the Fiscal Agency Agreement dated as of October 1, 1982 among the Company, Dresser Industries, Inc. (the "Guarantor"), and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 5 of the Notes, the Company has elected to redeem on October 1, 1987 all of its outstanding Notes at a redemption price of 101% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after October 1, 1987 against presentation and surrender of Notes with coupons due October 1, 1988 and subsequent coupons attached in U.S. dollars subject to applicable laws and regulations, either (a) at the office of the Fiscal Agent in New York City, or (b) at the main offices of the Fiscal Agent in London, Brussels, Paris and Frankfurt, Swiss Bank Corporation in Basle and Kredietbank S.A. Luxembourgeoise, Luxembourg. Payments at the offices referred to in (b) above will be made by a check drawn on a dollar account maintained outside the United States and its possessions or by transfer from a dollar account maintained outside of the United States and its possessions to a dollar account maintained by the payee outside the United States and its possessions.

Coupons due October 1, 1987 should be detached and collected in the usual manner.

From and after October 1, 1987 the Notes will no longer be outstanding and interest thereon shall cease to accrue.

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

DRESSER OVERSEAS FINANCE N.V.

Dated: August 24, 1987

UK NEWS

Parcels carrier raises £40m for growth

By Kevin Brown, Transport Correspondent

FEDERAL EXPRESS yesterday announced details of a £40m deal which will finance part of its attack on the expanding market for express parcel deliveries.

The company is a subsidiary of the US Federal Express. It said it had agreed a £25m revolving credit facility with the Midland and National Westminster banks, together with a £15m leasing agreement with Forward Trust, leasing arm of Midland Bank.

Federal Express said the credit agreement would help to finance the expansion of Federal Express Priority Services, which has recently opened distribution centres in Perth and Edinburgh and plans a further centre in Croydon, South London, in September.

In addition, the company is also planning a distribution centre in north London, and is investigating sites in the east and west Midlands.

Mr Colin Millbanks, European vice-president of Federal Express, said the company was in the market for UK acquisitions.

Federal Express recently acquired Williames Transport Group which provides its contract distribution services in Ireland and has not ruled out further purchases.

Pension mortgages for employees a step closer

BY ERIC SHORT

THE UNIVERSAL prospect of employees using the benefits from their company pension schemes to pay off their house mortgages came nearer to reality, when R. Watson and Sons, a firm of consulting actuaries which is Britain's largest pension consultancy, announced it had arranged pension mortgage facilities for its corporate clients.

The system is the most tax-efficient means of paying off mortgages. The concept is straightforward: householders pay interest only during the term of the loan and use the tax-free cash sum benefit available at retirement to repay the mortgage.

Pension contributions attract top rate tax relief and the money is inveseted in funds that accumulate on a gross basis free of all taxes, hence the system's higher tax efficiency than repayment or endowment mortgages.

Pension mortgages are popular with the self-employed and executives who have complete or considerable control over their pension arrangements but they have not until recently been widely available to employees in company schemes.

Building societies have been reluctant to consider lending on this basis. Pension managers and many consultants have adopted the rather paternalistic attitude that it is not an employees' interests to reduce pensions to pay off mortgages.

However, the entrance of many new mortgage providers and the Government's radical pension changes next year have changed these attitudes.

The new providers, looking for untapped markets, see a large potential market in company schemes. From April employees can opt out of their company scheme and take personal pensions on which they could get pension mortgages if they are prepared to pay more than minimum contributions.

On one hand Allied Dunbar, the life company and financial services group, has announced its scheme for company employees as a means of breaking into the market and Halifax Building Society has revealed a scheme to preserve its share.

On the other hand leading players in the pensions field—Standard Life Assurance, Scotland's leading life group, and Bacon and Woodrow, a firm of consulting actuaries — have announced pension mortgage arrangements for corporate clients.

However, R. Watson and Sons is consultant actuary and pensions adviser to clients which account for about 60 per cent of employees in the occupational pensions sector — some 6m people.

A recent circular reveals that after discussions with several potential lending institutions, R. Watson has arranged pension mortgage facilities for clients with Halifax Building Society, the Bank of Scotland and Allied Dubar — institutions which represent three of the largest sectors in the mortgage field.

The Bank of Scotland has already linked with Standard Life and Bacon and Woodrow. Halifax Building Society has revealed a link with Godwins, an employee benefit consultancy.

The scheme will not require actuarial certificates — a requirement for the Bacon and Woodrow scheme — and will use calculations required to ascertain mortgage limits complementary to those already required in respect of individual employees.

To ensure that employers are properly advised before taking out pension mortgages, both the Bank of Scotland and Halifax Building Society will operate only through company-arranged schemes.

Pension managers fear that widespread growth of pension mortgages will bring retaliation from the Inland Revenue.

The Revenue claims that it is "agnostic" over pension mortgages though the Finance Act (No 2) 1987 has clipped the wings of the pension mortgage proponents by imposing limits on the amount of the tax-free benefit, including an absolute limit of £150,000 per arrangement.

Policy on road safety set for overhaul

By Alice Rawsthorn

THE GOVERNMENT is embarking on a thorough overhaul of its road safety policy which could include the introduction of stricter rules for drunken driving by young drivers, improvements in vehicle engineering and the encouragement of local initiatives to improve road safety standards.

The overhaul follows the recent publication of a study by the department into road safety policy and its implementation. The study, "Road safety: the next steps," is the first full scale review of policy in this area since the early 1970s and was begun four years ago.

One of the chief concerns is the number of road accidents caused by drunken drivers: Alcohol is linked to more than a quarter of all road accidents and drunken drivers are responsible for more than 1,000 deaths on British roads each year.

The department wants to create a climate in which the public is aware of the gravity of the drink-drive problem and in which drunken driving is widely condemned.

The study recommends that the Government studies the experience of other countries which have reduced the permissible level of alcohol for young and inexperienced drivers, with a view to introducing such measures in Britain.

It also advocates that the Government consider the introduction of behavioural rehabilitation programmes for drink-drive offenders.

The Department of Transport now intends to change the emphasis of its preventative efforts against drunken driving away from advertising towards research, raising public awareness and more practical measures.

In the past decade a series of advertising campaigns – with slogans such as "Think before you drink before you drive" and "Stay Low" – have been at the heart of the programme.

Over the next few years advertising will be phased out in favour of devoting greater resources towards research. The department has already increased the research budget and has set up a Behavioural Studies Unit at its Transport and Road Research Laboratory.

Never the less this year's £2.5m drink-drive campaign – the biggest yet – will continue as planned.

Revenue 'refusing to pay back Woolwich money'

BY HUGO DIXON

THE INLAND Revenue has refused to pay the Woolwich Building Society £57m in tax it extracted from the society twice over, according to the society's solicitor.

This is despite a High Court ruling last month that the Revenue had no right to collect the tax.

After last month's judgment, the Revenue's counsel said in court that the money "is going to be repaid as soon as possible. That is a very short period of time." Woolwich says it was told privately that the money would be paid back within two weeks. Building societies provide loans for house purchases.

However, according to Woolwich's solicitor, Mr Nicholas Jordan of Clifford-Chance, Woolwich received a letter from the Revenue a week after the judgment saying it had changed its mind.

The revenue said it would be prepared to pay Woolwich the money only if the society gave a legally binding undertaking committing itself to pay it back with interest in the event of the Revenue's appealing against the judgment and winning. The Revenue has until September 21 to appeal.

Woolwich is aggrieved because it is having to fight separately for £8m in interest it claims the Revenue owes it. Mr Alan Cumming, Woolich executive vice chairman, said the Revenue wanted asymmetry of treatment of the interest payment.

He was also angry at the Revenue's refusal to accept his word of honour that the money would be paid back if Woolwich were to lose an appeal. The society had no desire to hold on to money which was not rightfully its own.

Mr Cumming said the society would probably have to give in to the Revenue's demands because it was afraid the government would introduce retrospective legislation to get the tax back.

The society is particularly worried because, one month after it started proceedings in June 1986, the government introduced an amendment to the 1986 Finance Bill designed to end uncertainty over the Revenue's right to extract the double taxation.

In the end, the attempt misfired but, said Mr Jordan: "The temptation to go for further retrospective legislation must be great."

Woolwich believes that if it got hold of the money, it would be politically more difficult for the government to get away with retrospective legislation.

"If we give in, it will be to make it more difficult for them to treat us even more disgracefully in the future," Mr Cumming said.

The Revenue refused to discuss the case, saying it was prevented by law from commenting on the affairs of an individual tax payer.

The £57m in question relates to composite rate tax on interest the society paid its investors under a transitional arrangement in 1985-86.

Most other building societies were also affected and, in all, it is estimated the Revenue could have to repay £800m gross, though it would be able to get back £200m in higher corporation taxes.

Midland Bank studies plan to purchase life company

BY FINANCIAL TIMES REPORTER

MIDLAND BANK, the big UK clearing bank, may buy a life company in response to a rule devised by the Securities and Investments Board, the new financial services watchdog.

The rule is known as polarisation. It requires banks and building societies (which provide loans for house purchases) from next year to choose between selling only one company's life, unit trust and pension products through their branches or giving independent advice on the whole range of products available in the market.

Midland, in common with Barclays Bank, Lloyds Bank and TSB, has decided to sell only its own products through its branches. However, unlike the three other banks, it does not have a life company.

As things stand, therefore, its branches would only be able to sell the products of Midland Bank Unit Trusts, its in-house unit trust company. Customers wanting a life policy either on its own or to back up an endowment mortgage or pension would have to be referred to Midland Bank Insurance Services, the group's insurance broker, for independent advice.

However, because of SIB's rules, MBIS would not be able to operate in the branches. There is also some doubt over the extent to which a branch would be able to act as a go-between channelling advice from MBIS to the customer.

Mr Peter Axten, head of Midland's personal financial services division, says the bank is therefore considering buying a life company.

Other options, he says, would be to go into a joint venture with a life company or set one up from scratch – though industry analysts are doubtful how easy it would be to establish an entirely new operation.

National Westminster Bank is the only major clearing bank not to have decided which way to polarise its branches. Its dilemma is similar to Midland's in that it owns a unit trust company but no life company.

Mr Mike Lydon, deputy general manager for related banking services, said last week that an announcement was imminent. But he refused to be drawn on whether NatWest was also considering buying a life company.

Lloyd's poll to investigate complaints about City HQ

BY ERIC SHORT

LLOYD'S OF London is to poll its members about its high-tech building in Lime Street, completed last year.

It has commissioned Mori to conduct the poll among the members who use the market, the underwriters and brokers. A confidential questionnaire is being prepared.

The £200m building came into operation in May last year and was officially opened by the Queen in November. The previous building on the other side of Lime Street, known as the Room had become too small to accommodate Lloyd's growing business.

The new building has been plagued with operational troubles, including faults with air conditioning, water seepage and problems in upgrading the computer network.

Members using the building have expressed increasing dissatisfaction with the site and conditions and there have been demands for a return to the old building.

The poll is aimed to show whether the complaints are widespread or merely emanate from a vocal minority and to pinpoint problems so that corrective measures can be taken.

However, there seems little possibility of the Council of Lloyd's reversing the move and returning to the old building.

Hecklers greet birth of Marxist Party

By Alice Rawsthorn

AS CHAPTERS in the history of world revolution go, it was scarcely auspicious. A hundred or so people braved the hecklers chanting outside a West London theatre yesterday to attend the birth of the Marxist Party, the latest stratum in the already complex geology of the British far left.

The Marxist Party is the creation of Mr Gerry Healy, a veteran of these factional struggles, and his two most fervent supporters, the actors Ms Vanessa Redgrave and her brother, Corin. The party is also, or so its founders claim, the British Section of the International Committee of the Fourth International and therefore the bearer of the Trotskyite standard in Britain.

Not so, countered the hecklers, who stood outside the arts centre. They, the International Communist Party, were the true British Section of the International.

This is the stuff of which fringe politics on the British left is made. There are hundreds of parties, all claiming to be the "heirs" to this, that or the other-ism. Most are splinter groups formed from splinter groups.

In many ways the Marxist Party is an archetypal splinter group. Its formation follows Mr Healy's expulsion from the Workers Revolutionary Party, the organisation he founded in the 1970s, almost two years ago.

Mr Healy's splinter group would be of little or no interest to the British public if it was not for the allegiance of Ms Redgrave, whose name is rarely out of the British newspapers, whether for her films, her relationship with the actor in the latest James Bond film, or her politics.

This was the climate in which the Marxist Party held its first public meeting in the Riverside arts centre, which is more accustomed to the drama of avant garde dance and alternative circuses than of splinter groups and their schisms.

Attitudes to labour turnover criticised

By Our Labour Staff

MOST EMPLOYERS show little understanding of labour turnover, preferring to blame high-paying competitors for their failure to retain key staff rather than confronting problems in their own organisations which create dissatisfaction, says a report published today.

The report published by the Institute of Manpower Studies says that its can cost companies 40 per cent of an annual salary to replace a secretary and up to 70 per cent to replace a computer programmer.

The report urges employers to take a series of steps to minimise unwanted labour turnover. Many of the problems of job dissatisfaction lie with mismanagement by supervisors.

It says employers need to give more attention to job design to reduce dissatisfaction.

The Management of Labour Turnover, IMS Report No 137, by Stephen Bevan. IMS, Mansell Building, University of Sussex, Falmer, Brighton. £11.

RHP workers strike over pay

WORKERS AT RHP Industrial Bearings at Newark, Nottinghamshire, have voted to strike from today in a dispute over pay.

The 800 shopfloor workers have imposed an overtime ban for the past two weeks. On Saturday they rejected a 4.5 per cent pay offer.

APPOINTMENTS

Managing director of Hayters

Mr Bill Palmer has been appointed managing director of HAYTERS, a subsidiary of F. H. Tomkins. He joins from J. Fisher and Co (Cleveleys) where he was managing director. Mr Adrian Searle has joined F. H. Tomkins as a divisional financial controller. He was group financial controller of the Ketlon Group, part of S. & W. Berisford.

★

REXMORE has appointed Mr James Cribb as an additional director.

★

J. H. MINET & CO has appointed Mr Derek Chatfield as an executive director of the North American division and senior administration director of the North American area. Miss Jeanette Spittle becomes a director of the North American property board.

★

Mr Nigel Huntington-Whiteley has been appointed a director of E. W. PAYNE (NORTH AMERICA) from September 1.

★

CUSTOMS AND EXCISE has appointed Mr Jack Bugge as collector, London Airports, from September 7. Mr Raymond Bazley becomes controller VAT central Unit, from September 16.

★

AMERICAN EXPRESS has appointed Mr Alan Coles as commercial director of destination services marketing. He was with Thomson Holidays.

★

Mr Peter J. Head has become divisional managing director non-marine reinsurance of ANSLOW - WILSON AND AMERY.

★

Sir George Young has joined the board of LOVELL PARTNERSHIPS as a non-executive director.

★

GOOD PUBLICITY has appointed Mr Tim Morgan director in charge of business development.

★

UNION BANK OF SWITZERLAND (SECURITIES), London, has appointed Mr Philippe Truffert as executive director responsible for client coverage in North America and Australasia. He was with First Interstate Capital Markets.

★

Mr Trevor Brindley has been appointed managing director of SHAREBEX WILLETTS. He was general manager with the Glynwed Group.

★

Following the merger of Channel Distribution with Gunhams, the GUNHAM GROUP has made the following management changes: Mr John Owen, managing director of Gunhams, becomes chairman of Channel Distribution; Mr Michael Spencer, managing director of Channel Distribution assumes the additional responsibility of group marketing director (kitchen products); and Mr Terry Griffiths, sales director of Gunhams takes on the additional responsibility of group marketing director (Formica products). Mr Peter Goodwin has joined Gunhams as financial controller. Mrs Wendy Reeve, at present finance director of Gunhams has become commercial director.

Mr Graham A. Combes has been appointed to the board of G. E. OATLEY (UNDERWRITING AGENCIES).

★

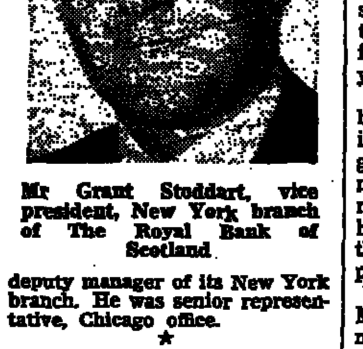
DREWRY SHIPPING CONSULTANTS has elected Mr Andrew Carpenter as managing director.

★

QUEENS MOAT HOUSES has appointed Mr Robert Abson an executive director from August 31.

★

THE ROYAL BANK OF SCOTLAND has appointed Mr Grant F. Stoddart as vice president and



Mr Grant Stoddart, vice president, New York branch of The Royal Bank of Scotland

deputy manager of its New York branch. He was senior representative, Chicago office.

★

SIMON ENGINEERING has appointed Mr Alan Jarvis as group financial controller. He joins from Babcock Industrial and Electrical Products, where he has been a sub-group finance director.

★

The MOCATTA GROUP has made the following appointments to the board of its metals and commodity broking subsidiary Mocatta Commercial: Mr R. F. Legg, a director, becomes managing director in succession to Mr C. A. Griffith; Mr N. K. Denison, a director, is made deputy managing director; Mr A. W. Scott is appointed a director. Mocatta is owned by Standard Chartered Bank.

Mecca to invest £25m in two restaurant chains

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

MECCA LEISURE, the bingo, holiday camps and nightclubs group, is planning to invest £25m over the next two years to create two restaurant chains which will employ more than 1,000.

The move is the first large development by the company since it was bought out from Grand Metropolitan by its management and floated on the stock market last year.

The aim is to capture a share of the fast-growing market for eating out which Mecca estimates to be worth a total of £10bn a year.

Mecca's target is the middle-spending market where it has mainly been the leading brewers which have so far attempted to establish restaurant brands, such as Whitbread's Pizza Hut and TGI Friday chains and Grand Metropolitan's Berni Inns.

The first Mecca chain under development will be based on the five Sweeney Todd restaurants which it bought for £2.1m from a private company last spring.

Mr Michael Guthrie, Mecca Leisure chairman, said: "We are looking to open some 30 more of these units over the next 18 months."

The restaurants will be in town centres and located close to retailers such as Marks and Spencer, catering for both the day-time passing trade and local residents in the evening. Average spending per head in the restaurants, including drink, is estimated to be about £5 to £8.

The second chain, which has yet to be given a trading name, will be based on larger cafe-bar type outlets situated away from town centres and with good car-parking facilities.

Mecca aims to have 10 such restaurants within the next two years. It plans to convert a number of its existing premises and is looking for additional sites.

These restaurants, which will have an average spending per head of between £10 and £12, will be aimed at customers who want a night out rather than those who are just passing.

Mecca is also planning to make other moves in the catering market. It intends to expand the pasta and pizza restaurants called Primadonna which it operates in some of its nightclubs.

Mecca also has longer-term plans to develop what it describes as "catering villages" similar to those already operating in the US. These would include bars, restaurants, discos and specialist up-market retailers.

A disused railway shed near Warrington is earmarked as one of the first sites to be developed along these lines at a cost of £5m. A further 10 sites have been identified for development in the early 1990s.

All Mecca's expansion into the catering market will be financed from internal cash flow.

Mecca is no stranger to the catering market since it has for long been a major caterer in the City of London—it provides the catering at the Mansion House

Vauxhall-Opel and Austin Rover to raise car prices

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER and Vauxhall-Opel, second and third respectively in the UK new car sales league, are to follow market leader Ford with price increases timed to coincide with the peak sales period in August.

Vauxhall-Opel, a General Motors' subsidiary, increases prices by an average of 2.7 per cent today.

Austin Rover, part of the state-owned Rover Group, will put up most of its prices — including those for car-based vans — by an average of 2.3 per cent from September 1.

The exception is the Rover 200 series models which will not go up until October 5 because of a large backlog of orders which the company will take some time to meet.

In any event, Austin Rover said yesterday that cars already held in stock by dealers would be sold at the old prices.

Ford's prices went up by an average of 2.2 per cent on August 17, heralding the third round of increases in the UK this year and pushing car prices ahead by nearly twice the rate of inflation.

Examples of the new list prices, with the old price in brackets, include: Austin Rover Mini City, £3,998 (£3,954); Metro 1.3L five-door, £6,207 (£6,071), Maestro 1.6L, £7,522 (£7,284); Montego 2-litre HL, £9,394 (£9,152) and Rover Sterling, £19,989 (£19,248).

The Vauxhall Nova 1-litre, two-door, £4,730 (£4,622); Astra 1.2 Merit three-door, £5,779 (£5,639); Cavalier 1.6L, £7,953; Carlton 2.0i GL, £11,952 (£11,604).

Prices of the Vauxhall Senator top-of-the-range models will be announced when the cars go on sale in September.

Tom Jones and bathmat linked in ferry survey

By Christopher Parkes, Consumer Industries Editor

THE WILLING suspension of disbelief is an essential element in all branches of show-business — especially in public-relations during the silly season.

Suspend disbelief, then, and accept that there is a connection between singer Tom Jones, a non-slip bathmat and a bulging suitcase.

There is also a connection between a five-year-old copy of Playboy magazine and a word processor.

These links—however tenuous—have been determined to exist by surveys, so they must be true.

Sealink British Ferries is anxious to ease the passage of trippers on the boring, four-hour journey from Portsmouth to Cherbourg. On-board entertainment is among the planned attractions.

The ferry company accordingly carried out a family traffic-flow survey to discern the type of people making the crossing. This, it was felt, would help them set the tone.

According to Anthony Edwards Publicity, certain questions smacked too much of "prying," so travellers were asked what they had in their baggage.

Responses appeared to show that they are a pretty average bunch. Women took most clothes, took up most space in the baggage and wore less than half the clothes they packed.

The most unusual items packed revealed odd quirks like bathmats, icing sugar and a rubbish bin, but nothing untoward.

Quite why this intimate approach was necessary remains unclear, since less Machiavellian questions on the most popular turns again revealed Mr and Mrs Ordinary Briton with a taste for the likes of impressionist Mike Yarwood and Tom Jones.

There was a more pertinent intent behind office furniture maker Sven Christiansen's survey of the contents of desk drawers.

Registering a tally of blond wigs, smelling salts, crumpled Playboys, assorted fruit and veg, an odd slipper, hair restorer and a three-year-old fortune cookie, the Christiansen investigation purports to prove that paperless electronic offices do not make the traditional desk redundant.

"The fact of the matter is," asserts Mr Andrew Ralph, a Christiansen director, "that the office work station is something of a second home for most people."

If that is the case why were more bathmats not discovered in more desk drawers?

We shall probably need another survey to reveal the whole truth.

Alice Rawsthorn reports on the revival of the more formal look in male clothing

Fashion trend suits menswear industry

IT WAS in the early 1970s, when lapels were wide and trousers were flared, that the man's suit enjoyed its heyday. The fortunes of the suit have faded since, so much so that half as many are sold in Britain today as a decade and a half ago.

Yet in the past year or so the suit has staged something of a revival. After more than 10 years of decline the suit sector hit its nadir in 1984 with sales of just 4.2m. But the market has since recovered. Textile Market Studies estimates that 4.8m suits were sold last year, and the pace of recovery is accelerating.

The suit's revival has seen a flurry of activity in the retail sector. Marks and Spencer, the Burton Group and Next are all investing time and effort.

Meanwhile Moss Bros, the old established menswear retailer has announced plans for the Suit Co, a chain of shops which will sell nothing but men's suits.

The demise of the suit in the early 1970s was the result of more liberal social mores and a more relaxed code of dress. The days of wearing a suit for Sunday best were over. The suit was still de rigeur during office hours for the executive classes but it was otherwise dispensible.

This problem was exacerbated by the severity of the economic recession in the early 1980s. Traditionally menswear is the first area of clothing expenditure to suffer during a depression and the suit, one of the most expensive items, bore the brunt of the drop in spending.

In the past year or so, however, expenditure on clothing has recovered and social attitudes have changed. Formal dressing has returned to favour as young men have become much more style-concious.

Moreover, innovations from Italian and West German tailors

The demise in the 1970s was the result of a more relaxed code of dress

have improved the manufacture and styling of suits over recent years.

Research by the International Wool Secretariat also suggests that the new consumers are inclined to buy more expensive and stylish suits than their predecessors.

To Mr Paul Smith, one of the leading British menswear designers, the suit's revival is a product of the political climate.

"The work ethic encouraged by the Conservative Government has instilled a notion in the young of today that they must not only be successful, but must be seen to succeed. A lot of emphasis is placed on the way they look," he said.

Moss Bros is convinced that the revival of interest in the suit has created a gap in the market for a group of specialist shops offering suits to the "busy businessmen," who need smart, stylish suits but do not have much time to shop for them. It plans to develop a network of Suit Co shops throughout the country over the next year.

Yet other retailers also have designs on the suit sector. Marks and Spencer has emerged as a force during the 1980s. It has been selling suits for 15 years but first began to take the market seriously seven years ago. Its share of suit sales has since doubled to an estimated 11 per cent last year.

In recent years the company has moved up market. It has overcome its paranoia about "price barriers" and now sells suits for up to £160. One of its suppliers recently recruited people with traditional tailoring skills, and a year ago the company experimented with a special suits section, complete with an adviser to help customers with their choice, in its Reading, Berkshire, store.

The "Readingisation" programme, as it is called internally, is now in 50 stores and is expanding further.

Meanwhile the Burton Group, which jostles with Marks and Spencer for market leadership, is strengthening its position in the sector.

Burton led the retreat away from the suits towards leisurewear in the late 1970s but kept a market presence through Top Man, for young men, and the

Young British men have become more style-conscious in he past year or so

Burton shops, for their fathers. Burton is now developing the Principles for Men chain, with which it hopes to attract yuppie suit buyers.

It was Next, however, which pioneered the concept of selling suits to the young and upwardly mobile. In the past two years it has opened almost 200 of its Next(M) shops. By filling the gap between the chic, but expensive suits, such as those designed by Paul Smith, and the less inspired ranges of the high street multiples, Next has captured 2.5 per cent of suit sales.

The company had planned to move up market by introducing Next Gentlemen, a chain of shops selling more formal menswear, this autumn. This project has been dropped, and the name will now be used for a collection of more formal suits.

Although it is still toying with the idea of using Next Gentlemen as a retail venture, Next is working on a new menswear retailing concept which may be introduced in autumn next year.

In many ways it is ironic that Next should be bandied about as the new phenomenem in the suits market. After all, the Next group rose from the ashes of the old Hepworth menswear chain, which sold many more suits before its demise than Next (M) does today.

Hepworth is only one of many familiar names on the high street to have disappeared in the past decade. Hundreds of independent meanswear shops went out of business during that period. One cheering sign is that the decline of the independents, like that of the suit, seems to have ended.

WDA considers property funding scheme

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE WELSH Development Agency could be the first public body to use new methods of property funding, available on the Stock Exchange, to generate revenue from its property holdings.

It has appointed Debenham Tewson and Chinnocks, a firm of surveyors, to examine its property portfolio and suggest means of generating revenue from it, other than by outright sales.

Debenham Tewson has brought in Touche Ross, an accountancy firm, and Linklaters and Paines, a firm of solicitors, to help in the search for schemes which might be attractive to private sector investors.

The WDA, set up to speed economic development in the region, wants to raise funds from its assets to reinvest in new ventures. With a limited budget from the Government, it has to examine ways of drawing in private sector capital.

Because the Treasury will not permit borrowing against WDA properties, Debenham Tewson will consider using unitisation and securitisation, which enable investors to take a small stake in a building or group of buildings.

Earlier this year, the Stock Exchange introduced listing regulations for such investment vehicles, although none so far have been offered to the market.

Multiple ownership of WDA properties would allow the agency to keep a stake in its investments and realise some of their value. Hitherto, it has confined disposals to direct sales, usually to tenants. In the financial year to last March, the net surplus on sales was £1.1m.

In its last annual report, the WDA property portfolio was valued at £116.1m and covered 18.1m sq ft.

Most of its portfolio consists of industrial estates, but Mr Ian Rooks, property director, said there had recently been a change in emphasis, as high-tech properties in Cardiff, Newport and Swansea and bespoke projects for companies such as Hitachi had been developed.

London office space shortage leads to sharp rents rise

BY OUR PROPERTY CORRESPONDENT

THE AVAILABILITY of office space in central London has fallen by 1.5m sq ft over the last year, according to the latest surveys. It is the third year in a row that the shortage of space has become progressively more acute.

This has led to a sharp rise in rents in central London and has had a ripple effect outside, enhancing the demand for office space in areas not previously attractive to large corporations.

Jones Lang Wootton said it had let a property on Victoria Street, now owned by the Norwich Union, in London's Victoria district to Nikko Securities, one of the main Japanese securities houses. The rent is £32.50 a sq ft, believed to be the highest recorded in the district.

Nikko is taking 47,000 sq ft and will be the neighbour of First Bank of Boston, which last week announced it will move to London's West End from the City.

Fletcher King, a firm of surveyors, announced that Nacanco, the world's largest packaging group, was transferring its UK headquarters to Capability Green business park at Luton Hoo, next to the M1, taking a 52,000 sq ft building. The rent is thought to £11 a sq ft.

Sun Alliance said that Coca-Cola and Schweppes Beverages were leasing 85,000 sq ft of space at its Charter Place building in Uxbridge at a price of £19 a sq ft.

In all of these cases, rental levels indicate the mounting pressure on space both in central London and its environs.

The rents at Victoria Plaza were £19 to £20 a sq ft when Salomon Brothers, a US investment bank, took space there 15 months ago.

At the start of development of Capability Green, owned by Mr Nicky Phillips, in May 1986 it was assumed that rents would be about £8 a sq ft and that the building would not be used exclusively for offices.

Charter Place has been under construction for two years, during which time rents have moved up from about £15 a sq ft in Uxbridge.

The latest survey of central London office space, undertaken by Debenham Tewson and Chinnocks, a firm of surveyors, said letting activity in the first seven months of 1987 was running 18 per cent higher than in 1986.

Debenham Tewson said: "Pre-letting continues to be a major stimulus, as would be expected given the critical shortage of any sizeable office units."

Pre-letting, while common for some time in central London, is now spreading outwards. Neither Charter Place, nor the building at Capability Green will be completed before November.

Backing for 14 ventures in Wales

By Anthony Moreton, Welsh Correspondent

A TAXI company outside Bridgend, a clothing concern in Caernarfon and a women's group running a restaurant in the Rhyl library complex were among 14 ventures assisted last year by the Wales Co-operative Development and Training Centre.

They took the number to have received aid to 95, according to the centre's annual report, published today. The Welsh Centre is the largest in the UK.

Others to be helped included a publishing and typesetting group in South Wales, an electrical services group in Delyn, north east Wales, and a textile concern in west Wales.

Altogether, 710 jobs were supported, according to Mr Bill Burnett, the new chief executive. In terms of full-time job equivalents the figure was 643.

The centre was set up to back the formation and development of co-operatives and has had considerable backing within the country.

It also launched a community project in Powys providing employment opportunities for mentally handicapped people and set up a non-profit venture in Wrexham to provide assisted work space units to enable unemployed groups to develop business ideas.

UK NEWS

S African blacks 'underpaid' by most UK groups

BY ERIC SHORT

MORE THAN 85 per cent of UK companies operating in South Africa say they are paying black employees minimum wages below the level regarded as necessary, according to a report published today by the Ethical Investment Research Service.

It claims that the average reported minimum wage for February 1986 was R394 (£117) a month, compared with the National Average Suplemented Living Level as produced by the University of South Africa, of R482.

This compares with the old standard of R558 a month and a minimum monthly living wage requirement as set out by the Congress of South African Trade Unions of R850.

The European Community Code of Conduct for Companies with Interest in South Africa lays down minimum standards of all employment aspects of black Africans, including pay. UK companies are required to report each year to the Trade and Industry Department on progress made in implementing the code.

The research body, which conducted its investigation from these reports, found that more than half the black Africans employed by subsidiaries or associates of UK companies were not covered by full reports under the code.

In an assessment of more than 200,000 employees, only 10,000 were above the old standard, while 164,000 were below the National Average Supplemented Living Level figure. The lowest minimum monthly wage paid by an individual company was R76.

The report's findings differ from those of the DTI, which claim that 76,100 out of 79,100 black African employees were paid more than the EC code target.

It claims the difference mainly arises because the department does not compare like with like in its timing and uses a family size of only five people per household, when the average required by the code is at least eight.

The research body is primarily concerned with checking whether companies meet clients' ethical requirements, usually for investment purposes.

The report concludes with the effect of its findings on companies in the FT-Actuaries All Share Index and says that if those companies which fail to conform to the code are excluded, investors are still left with sufficient choice.

South African Wages and Conditions. EIRIS, Bondway Business Centre, 71 Bondway, London SW8 1SQ. £2.

Steel scotches idea of pact with Labour

FINANCIAL TIMES REPORTER

AN ELECTORAL pact between a merged Liberal-SDP party and Labour was ruled out yesterday by Mr David Steel, Liberal leader. He also said his first task was to dissuade Dr David Owen from forming an SDP splinter group.

Speaking on the Tyne-Tees Television current affairs programme Face the Press, Mr Steel dismissed any suggestion that a pact was near because of Labour's "apparent sudden warmth" to the idea of proportional representation.

Talk of a pact between the Liberals and Labour was "idle speculation."

Mr Steel stressed the Alliance's need to prevent the creation of a political splinter group which would involve the Alliance fielding parliamentary candidates against Dr Owen and his supporters, who include anti-merger MPs Mrs Rosie Barnes and Mr John Cartwright.

His remarks seemed to contrast with a decision by the Liberal executive on Saturday to press for the new Alliance party to contest all seats, including those held by anti-merger MPs.

Mr Steel said of Dr Owen: "Of course would much rather have him in and I still hope. Maybe it is a vain hope but I think my first task is to try to dissuade him from the course on which he appears to have embarked.

He took an ambivalent view about the leadership of a merged Alliance. "On the one hand I have repeatedly said I have done my stint and there is an advantage in a new political movement of having a leader who is neither David Steel nor David Owen.

"On the other hand, a lot of people felt that because he had been working on the process of re-alignment for so long, he should lead it.

Decrease in opticians' practices predicted

By Lisa Wood

A SHAKE-OUT in the number of opticians' practices in the UK is forecast in a report published by the Association of Optometrists, which represents the majority of registered opticians.

The report looks at the effects of government deregulation of spectacles dispensing two years ago.

The 1984 Health and Social Security Act scrapped the supply of National Health Service spectacles from April 1, 1985. In addition anyone was entitled to sell spectacles although only registered opticians could conduct sight tests and make up prescriptions.

The report says the number of outlets supplying spectacles increased by between 12 per cent and 15 per cent in 1984 and 1985. The increase in spectacles and contact lenses sold in each of these years was about 5 per cent.

The report said: "The result has been that many in the profession have seen a reduction in their profits but with the real shake-out yet to come."

The report forecasts that this could start to occur next year with those companies that were having difficulties not having the resources to continue.

On the effects of deregulation on the consumer, the report said the impact on prices was difficult to assess because the prices of private spectacles had been falling since 1981 when they peaked at an average of £59.26. By 1985 the average price was down to £50.50.

The report said the people who had done least well out of th echanges were those with incomes which put them outside th ebeneflt net—those who received vouchers for spectacles —and who had difficult eye problems.

Mr Gareth Griffiths, author of the report said: "It might be fair to say that the 3.2m people a year who obtained NHS spectacles before the new private system was introduced have all done less well."

The Government's Competition Policies and Optometry. Association of Optometrists, Bridge House, 233-234 Blackfriars Road, London SE1 8NW. Free.

Council seeks to list Freemasons on staff

FREEMASONS employed as senior staff with a council will shortly have to reveal their membership.

A code of conduct for Copeland Borough Council in Cumbria, published yesterday, says that principal officers who are Freemasons should record their membership in a register of business and financial interests. The register will be available for public inspection.

Janet Bush looks at the generally favourable conclusions of an OECD report on Britain

Economy's rise defies cost-of-money maxim

BRITAIN'S ECONOMY is acknowledged to be performing better in many respects than its industrialised competitors and yet interest rates here are far higher than abroad.

In a generally favourable survey published earlier this month, the Organisation for Economic Co-operation and Development said that recent economic developments in Britain compared favourably with its past performance and also with the rather poor current performance of other industrialised nations.

Low interest rates tend to be a key indicator of the overall health of an economy. Firstly, a country with low inflation needs to have lower nominal interest rates to offer investors a satisfactory real return on their investments.

Secondly, if investors believe an economy is sound on all kinds of fundamental grounds —such as a low budget deficit, a positive balance of payments,

Bank interest rates have risen over the past five years in spite of rapid economic growth

a healthy pace of economic growth—they will not demand a risk premium for investing in that country.

It is clearly the case in Britain that international investors are still demanding such as risk premium on their investments. This is in spite of faster economic growth than any other industrialised nation, a current account deficit which is tiny in comparison with, for example, that of the US and much lower inflation than in the past.

Real interest rates—the actual level of rates minus inflation—have actually risen over the past five years.

In 1983, interest rates stood at an average 10 per cent while inflation averaged 4½ per cent, giving real interest rates over the year of about 5½ per cent. In 1984, slightly higher inflation meant real rates were eroded to 5 per cent. In 1985, a rise in inflation to an average of 6 per cent coupled with nominal interest rates of an average 12 per cent, took real rates to 6 per cent.

In 1986, when inflation fell to an average of only 3½ per cent, mostly because of the collapse in oil prices early in the year, interest rates only came down to about 11 per cent overall. So, average real interest rates stood at about 7½ per cent last year, very high in comparison with preceding years.

In the first half of this year, real interest rates have fallen back to about 6 per cent, still above the norm since 1983, with nominal rates averaging 10 per cent so far and inflation picking up again to average 4 per cent.

Comparable nominal US interest rates stand at about 9 per cent and inflation at about 4 per cent, giving real yields on US bonds, for example, of 5 per cent.

—. All calculations of real interest rates have to be heavily qualified. Not only is there a problem over which interest rate to use as a benchmark—there are significant differences between short-dated and long-dated interest rates for example—but also with measuring inflation.

Inflationary expectations are far more important to international investors trying to judge the real rate of return on a security than actual measured inflation, whether a perceived underlying rate, consumer or retail price inflation.

	UNDERLYING INFLATION Average annual rates of change (%) 1973-77	1978-82	1983-85	1986* First half
US	7.3	9.1	3.8	3.1
Japan	12.9	4.0	1.6	1.5
Germany	5.5	4.4	1.9	1.8
France	10.4	11.3	6.7	3.2
UK	15.4	12.0	4.5	4.9
Italy	17.6	16.4	10.8	6.7
Canada	8.9	9.0	3.6	3.1

* Percentage change over 1985 first half.

In the US, for example, measured inflation is running at about 4 per cent but economists who are more sensitive to the trend in oil prices and the dollar reckon inflation is already increasing towards at least 5 per cent. This suggests the real return on US Treasury bonds could be as low as 4 per cent.

It is difficult on any fundamental economic indicator to understand why real interest rates in Britain seem to have to be pitched higher than those in the US to attract investment.

For example, the U Shas a substantial and persistent budget deficit while Britain's public finances are healthier than they have been for a long time. At Budget time, the Chancellor hailed the achievement of reducing the Public Sector Borrowing Requirement to only 1 per cent of GDP and said he intended to keep indebtedness at that proportion.

The propensity of foreign investors, particularly the Japanese, to pour funds into US securities, given their experience of massive currency loses in the last two years as the dollar fell and intractable deficits, continues to be a mystery.

There is a much more dramatic difference between the real interest rates of Britain and West Germany. In West Germany, bonds offer a real rate of return or just above 3 per cent, near to the historical average in that country.

It is fairly easy to argue that British investments should offer a more substantial risk premium than West German securities. West Germany can boast a substantial current account surplus, very low inflation and a stable currency. In marked contrast, Britain's current account is drifting into deficit and there are serious concerns about inflationary trends in the economy.

Although West German fund managers and bankers acknowledge the progress Britain has made in terms of productivity, competitiveness and public finances, they say West German investors still regard Britain as inflation-prone and that sterling volatility and vulnerability continues to put the moff investing in Britain.

Inflation and the exchange rate appear to be the key to Britain's high interest rates.

The decision on August 6 to raise base lending rates by one percentage point was highly unusual in the history of recent interest rates changes which have, almost without exception, been inspired by weakness in the exchange rate.

The casual relationship between short-term interest rates and the exchange rate is much closer in Britain than in other countries where interest rates tend to be lowered or increased in response to a wider range of monetary indicators.

In raising interest rates this time, the authorities were addressing themselves to domestic monetary conditions and signs of a potential build-up in inflation, one of the most stubborn *ills in the British* economy.

The inflation rate is higher than it was in 1983 in spite of the regime of relatively high interest rates and, at its trough of 2.4 per cent in July last year, was still some 2 per cent to 2½ per cent higher than the rate in most other industrialised countries.

Relative unit wage costs continue to rise far faster than those in other countries, *eroding British competitiveness,* while wage settlements have

The nation's current account is drifting into deficit and there are fears of inflationary trends

reacted remarkably little to last year's low recorded inflation. In *spite of radical changes in the* past few years, the labour market — and particularly methods of annual wage bargaining — retains some rigidities which could contribute to Britain's tendency towards higher inflation.

Not only does higher inflation erode the real return on British investments but it also tends to undermine the exchange rate and threaten the foreign investor with currency losses. So, a hefty premium is demanded.

Prospects for higher interest rates analysed

BY TERRY BYLAND

AS THE UK securities markets cautiously picked themselves up from the setback which followed the announcement last Thursday of a £4.9bn increase in bank lending during uly, several securities firms have taken a fresh look at the prospects for domestic interest rates.

Greenwell Montagu Gilt-Edged, a primary dealer in the UK government bond market, heads a survey of medium-term prospects in the light of the one percentage point increase in base lending rates on August 6 with "Will the recent base rate rise be enough?"

Waburg Securities considers fears of another imminent interest rate rise as "wholly misplaced" but Shearson Lehman Securities, a US house, says base rates will have to rise to 12 per cent. The only question is when that rise will take place.

Mr Kevin Boakes and Mr Ray Richardson, economists at Greenwell Montagu, argue in a report that the problems posed by a relatively buoyant economy and accelerating wage inflation will continue to place upward pressure on interest rates and could ultimately force a further base rate increase.

They believe the latest base rate rise set UK government *bond market yields at an accept*able level internationally, but wit hforeign rates unlikely to fall, they suggest Britain could be vulnerable by late autumn to a further rise in domestic rates.

A significant factor behind this view is that sterling could *come under pressure because of* a deteriorating current account.

Mr Ian Harwood, equities economist at Warburg Securities, tempers his confidence that rates will not be increased from the *current* 10 per cent in the wake of July's bank lending figures with a warning that they could, none the less, be forced higher in coming months if inflation prospects deteriorate. He also points to the exchange rate as a danger point.

He believes Mr Nigel Lawson, the Chancellor, would have little hesitation in raising interest rates again should the annual rate of retail price inflation move upwards towards the psychologically important 5 per cent mark.

Mr Ti mCongdon, chief economist at Shearson Lehman, rejects suggestions that Stock Exchange settlement problems contributed significantly to July's surge in bank lending, contrary to much speculation in the City. He pinpoints the revival of corporate loan demand.

Mr Congdon says the next focus of the *current* debate about the economy overheating will be July's delayed trade figures on September 1 and the publication of the latest monthly trends survey on the same day by the Confederation of British Industry.

Jail terms 'more likely' for jobless

By Dina Medland

UNEMPLOYED OFFENDERS are more likely to receive prison sentences, according to a report published today by the National Association for the Care and Resettlement of Offenders.

The report, Unemployment and Magistrates' Courts, contains the findings of research financed by the Economic and Social Research Council and carried out by the association between 1984 and 1986.

It examines the sentencing of offenders at six magistrates' courts in areas with contrasting levels of unemployment.

Unemployed offenders were less likely to be fined than those in work but more likely to be imprisoned.

Although unemployed offenders who were fined were generally required to pay less, they were more likely to default on payment and subsequently more likely to be jailed for *default.*

Those receiving community service orders sometimes found that there were no such vacancies, and were then "at increased risk of a custodial sentence."

In borderline cases, magistrates also tended to suspend prison sentences on the employed.

Researchers judged that employment influenced the type of sentence in about 10 per cent of cases. "Interviewees said that the bench would regard a steady work record as evidence of stability, respectability and good character," says the report.

Most of those interviewed felt the courts were favourably impressed if the defendant had a place on the Youth Training Scheme or the Community Programme.

The report recommends that the probation service and the association explore areas in which more "work schemes" can be provided for offenders, and suggests that a pilot scheme of means - related financial penalties to be tried at a few courts.

Unemployment and Magistrates' Courts. Nacro, 169 Clapham Road, London SW9 0PU. £4.50.

Clive Wolman studies a report on the quality of Stock Exchange activities

Big dealers dominate Gilts market

DEALING IN gilt-edged securities has become increasingly concentrated among just a few market making firms, with the top five now accounting for more than 40 per cent of market share, according to a Stock Exchange report on the quality of its markets.

The report, published last week, shows that of the 26 gilt-edged market makers, 10 have a share of less than 2 per cent of all transactions with investors. The top three firms have a 28 per cent share and the top 10 a 68 per cent share.

In June Lloyds Bank was forced to make a humiliating withdrawal from the market after achieving a share of between only 2 per cent and 3 per cent.

Before Big Bang the market was dominated by just two jobbing firms but the influx of entrants last October immediately fragmented it.

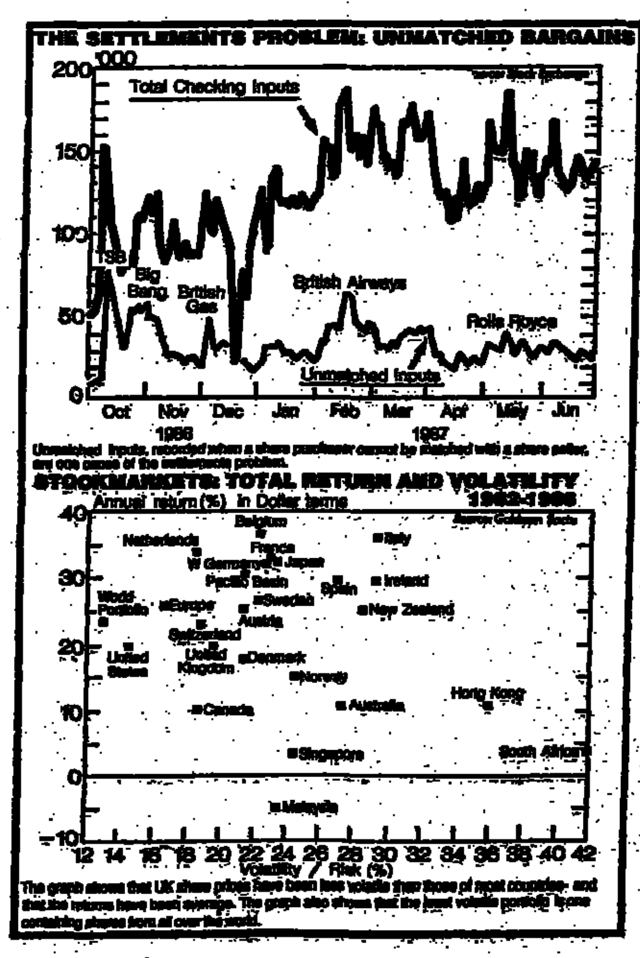
The rapid increase in 'velocity of turnover' may be the main cause of the settlements problem

The pendulum, however, may now be swinging back again. According to the report: "There has, as expected, been a degree of concentration in the market. Certain firms have been successful in building up market share."

The new gilt-edged market has been frequently criticised for the poor quality of price information given to outside customers who are denied access to screens showing the prices of deals between the market makers.

The report examines in detail the minute-by-minute bargains and prices in two gilt-edged stocks on one day recently. It concludes that at least large institutional investors suffer no disadvantages in the prices they obtain in spite of the lack of access to price information.

In another section the report shows a steady improvement between March and last month in one of the two main causes of the Stock Exchange's settlements problem—the number of bargains in which a buyer of shares cannot be matched with a seller. Its figures compare the number of unmatched buyers and sellers with the total number of purchases and sales reported to the exchange's checking system, known as "checking inputs."



They show that the number of unmatched bargains rose to a peak after the disruption caused by Big Bang reforms and also after the large-scale share issues of the TSB Group, British Gas and British Airways which attracted a flood of small investors.

However, a more recent privatisation, that of Rolls-Royce in May, produced a barely perceptible rise. Since the British Airways issue, both the number of unmatched bargains and the percentage has been falling steadily. There is, however, some evidence that in recent weeks, for which no figures have been collated, the situation has worsened again slightly.

The report suggests that the main cause of the settlements problem has been the rapid increase in the "velocity of turnover" of UK equities since 1984. Velocity is a measure of how often a share is traded.

Until 1984 the average velocity was fairly stable at about 35 per cent—a share would be traded about once *every three years.* Since then the figure has risen steadily to about 62 per cent, the report finds, which is still well below the New York figure of 112 per cent.

Since last October a high proportion of investors has started dealing directly with the market-makers or other dealers, thus by-passing the stockbroker, who charges a commission.

However, the report shows that between February and June of this year the proportion of such transactions, in terms of value, stabilised at about 50 per cent. The number of direct bargains with market-makers though, has fallen from 11 per cent to 5 per cent of the total over this period, as increasingly only the largest bargains are transacted directly.

The charges made by market makers, which are reflected in the spread they quote between their buying and selling prices, have been reduced since Big Bang—at least for the less actively traded shares—although no further improvement was recorded between *February and June.*

Since October a high proportion of dealers has started dealing directly with the market-makers

For the most actively traded "alpha" shares the spread has not narrowed, but investors can now buy and sell much larger tranches of shares without moving the price against them.

In the light of recent claims that the UK stock market has become more and more volatile, supposedly as a result of institutional changes, the report produces an analysis of share price volatility in the five years to last January.

This shows that the volatility or riskiness of UK equities—expressed as a percentage and measured statistically by deviations in prices from a trend—is lower than it was in earlier periods and lower than almost all other stock markets except the US.

In particular, Japanese and West German share prices have shown considerably more volatility, in contrast to claims that the more tightly regulated capital markets in these countries dampen speculative frensq and encourage stability.

Methane from rubbish helps power mill

By Nick Garnett

RUSTON GAS Turbines has completed the commissioning of what it claims is Europe's first large commercial turbine fuelled by methane from rubbish.

The turbine is part of a generating set package supplied last year to Purfleet Board Mills in Essex.

The Ruston turbine, which generates 3.5Mw, runs on low calorific value landfill gas piped from a nearby waste disposal site. The turbine helps to power the company's board drying process.

Ruston, art of GEC, said this could open new markets for the company. The turbine is a standard one, though it uses a fuel system modified to take methane.

Methane gas-powered turbines are used in California. A small methane turbine is also believed to be in operation in West Germany.

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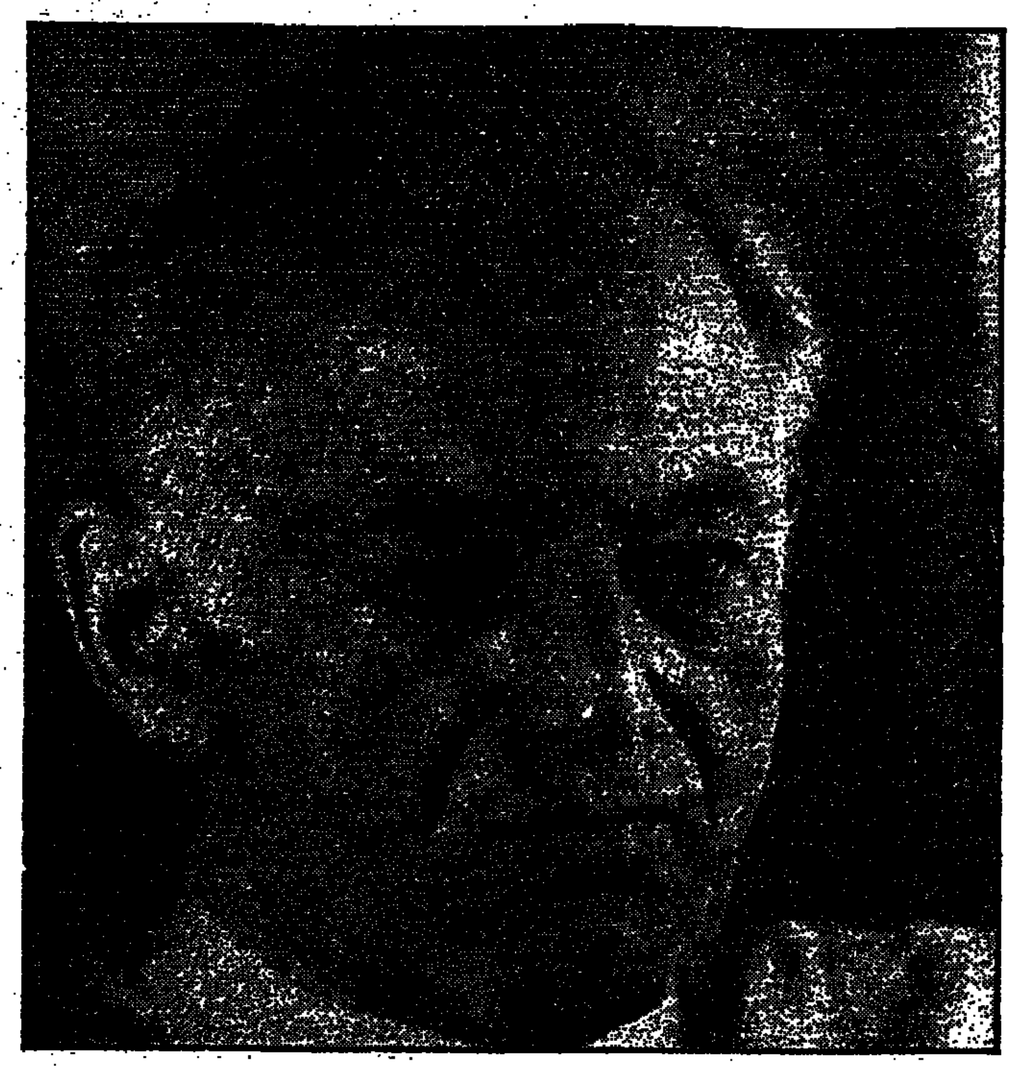
THE MONDAY PAGE

INTERVIEW



The dogged revolutionary

Leslie Collitt talks to Rezso Nyers, father of economic reform in Hungary

REZSO NYERS, the father of Hungary's economic reforms, says Mikhail Gorbachev's crusade to reform the Soviet economy and society came in the nick of time—both for the Soviet Union and Hungary.

"If Gorbachev had not appeared on the scene," he says, "our reform policies would have been frozen."

A small, lively man of 64, he is seated in a committee room of the ornate Hungarian Parliament. It is a popular tourist attraction, but he and other reformers would like to see it given some political teeth.

The outspoken Mr Nyers was dumped as the senior party official responsible for the economy by Hungary's long-serving leader, Mr Janos Kadar, in 1974. He has remained a member of the Central Committee, however, and holds the influential role of advisor to the powerful Institute of Economics.

Then, as now, Mr Nyers wanted to press forward with a radical decentralisation of industry. But the cautious party leader and a majority in the Hungarian Politburo feared that Nyer's reforms would means a loss of political control over the economy. Leonid Brezhnev, who had just ousted *the reformist Alexander Dubcek* in Czechoslovakia, was in no mood to condone further experiments in Budapest. In those days, *perestroika* to the Russians meant renovating a house.

Thus, Hungary's New Economic Mechanism, launched by Mr Nyers in 1968 with Mr Kadar's blessing, was effectively paralysed for years. The NEM aimed to end detailed central planning and give managers some room in which to manoeuvre. In practice, however, only agriculture and the retail sector were actually reformed along market principles—and they flourished.

Today, Mr Nyers believes that Hungary still has a pseudo market economy which "aims to regulate everything," and one which is less flexible than in the early days of liberalisation. Hungary's economy, he quips, is "like the second act of a Shakespeare tragedy."

The party's response to this was recently to unveil a controversial two-stage programme of austerity measures and reforms. Hungary's runaway debt to the West is to be contained, while subsidies to loss-making companies are to be eliminated. A tax reform is to end the Robin Hood approach to company taxation—*taxing* profitable firms heavily in order to support inefficient ones. A wage reform is to bring greater pay differentiation while price reforms are to raise consumer and producer prices, in order to cover costs.

These reform measures are long overdue, but there are several reasons which may prevent their smooth, or effective implementation. Firstly prominent Hungarian economists are sceptical whether the Government will let important loss-making firms go to the wall. They suspect that the timetable for implementing the reforms will remain vague and that intervention by the centre will continue.

As in the early 1970s, the party is worried about the threat which wide-ranging reforms present to its domination of what Lenin called the "commanding heights" of the economy. Everywhere the party is grappling with the reformist genies it let out of the bottle in 1968.

Secondly Mr Nyers argues that Hungarians are not prepared to make the sacrifices the leadership is calling for to make the reforms successful. "There is as atmosphere in the country of resistance a priori which is similar to the Hapsburg era," he remarks.

But this time it is not the Austrians the Hungarians are resisting. It is their own leadership. In addition, a combination of high inflation and falling real wages since 1979 has created widespread disillusionment with the reforms.

Mr Nyers and other critics of the party's economic policies say it is because the reforms were *only* talked about and *never implemented that* Hungary now has the worst of both worlds—stagflation and a massively subsidised, uncompetitive industry. Three-quarters of Hungary's export earnings in hard currency are drained off to repay its $9bn net debt.

There is none of the investment essential for modernising and restructuring industry and economic growth is virtually stagnant.

Even some of the talking is *now* being frowned on. Only recently the Finance Ministry, on party orders, closed down one of the institutes whose economists had produced a programme for radically reforming the Hungarian economy.

Mr Nyers says that although the programme, entitled Change and Reform, was sketchy, it had good elements, and sees the official clampdown as a "vestige of Stalinism".

More encouraging is the fact that Mr Nyers's own criticism of the party's economic and political policies has been widely quoted in the official media in the past year. This is a reflection of what the party calls "Hungary's pluralistic society" in which open debate and a clash of interests is considered desirable. But the debate has its limits. Mr Janos Berecz, the party's chief ideologist, aiming his remarks at Mr Nyers and those other critics who want economic reform to be accom*panied by political and social* reforms, has warned that it will not tolerate the existence of "several poles of power". Mr Berecz is one of several possible contenders to succeed the 75-year-old Mr Kadar as party leader.

Mr Nyers wants the party to regain its avant-garde role and suggests the party should share authority with the People's Patriotic Front—a hitherto impotent collective organisation of social bodies. He and other party members fear that otherwise the tensions generated between society's desire for democracy and the party's power structure will become intolerable.

However, despite his controversial statements, Mr Nyers objects to being considered in the West as a troublemaker *within the Communist Party.* "I am a liberal but I am a communist and I support the party's policies," he insists. More precisely, he is a self-styled "Eurocommunist," an ideological position normally reserved for west European communists.

Born in a working-class suburb of Budapest, Mr Nyers joined the Social Democrat Party as a printer at the age of 17 and took part in the anti-Fascist Popular Front. But the extreme right wing was powerful in pre-war Hungary and it fell easily into the grip of the pro-Nazi Arrow Cross Movement. Nowhere in Eastern Europe were officials such willing accessories of Nazi Germany as in Hungary.

In defeated post-war Hungary, Mr Nyers was active in the Social Democrat Party and served as a municipal politician until 1948, when he and hundreds of thousands of other Social Democrats suddenly found themselves forcefully merged into the Hungarian Workers (Communist) Party.

He drily remarks that, in fact, this meant he had never "joined the Communist Party. "I've always been a socialist and I became a communist."

In the wake of the Communist Party takeover however be proved a willing party activist. He became a member of the central committee in 1954 under Mr Imre Nagy, who was also Prime Minister during the 1956 Hungarian uprising and was later executed by the Soviets. Mr Nyers was appointed Minister of Food in June 1956, remaining in the post throughout the uprising At first he sided with Mr Nagy but then switched to Mr Kadar, who was backed by the Soviets.

Today he argues that the Stalinist system "went bankrupt" in 1956 and that Mr Nagy never led a "counter-revolution" as the party still insists.

"It was the people who made the uprising against the regime," he says. The party line is that the Hungarian masses were taken advantage of, deceived or misled by Mr Nagy.

Mr Nyers was named Minister of Finance in 1960 and reached the peak of his party career three years later as the Central Comittee secretary responsible for the economy. It was here that he formulated the now famous New Economic Mechanism which in fact contained many ideas first expressed in Poland in the 1950s and then in *Czechoslovakia in the late 1960s.*

Nyers freely acknowledges a debt to the "socialist market" reforms worked out in Czechoslovakia under Mr Ota Sik. These however were aborted in the Soviet occupation of Czechoslovakia in 1968 and its subsequent "normalisation." But Sik might gain some satisfaction from the fact that his reform ideas have come full circle and have been liberally co-opted into the latest Soviet reforms.

Mr Nyer's solution to the Hungarian economy is the "breakthrough" strategy involving a heavy dose of reforms. This, he says, would allow the entire economy to operate on a market basis. But this strategy puts a heavy burden on the population since uneconomical companies would be rapidly closed down with commensurate unemployment. Mr Nyers believes "localised" unemployment—a highly sensitive issue in a country which guarantees the right to a job—is unavoidable.

The "breakthrough" strategists also want concentrated price reforms to bring Hungarian industry into line with international prices. This would mean higher inflation but that would be balanced by social benefits for the disadvantaged. Mr Nyers believes this approach would create an economic revival, while piecemeal reforms will only prolong the economic agony of recent years.

The situation at the moment, he says, "runs counter to the future of this country. Everyone agrees steps are needed but there is no agreement on what steps."

In contrast, Mr Kadar, fully aware that while he may be popular, his party is regarded by most Hungarians as a political fossil, prefers a gradual approach. The party's latest reform package is a typical compromise, setting out goals for a genuine market economy but hazy about when they are to be achieved. It was accompanied by a reshuffle of the leadership which brought younger men to the fore, but Mr Kadar himself remains in charge and says he has no plans for retirement.

Mr Nyers insists he has no further political ambitions and is content to remain in the Central Committee and to preside over parliament's committee *on domestic and internal* commerce. What is needed, he says, is a thorough rejuvenation of the leadership. He appears content to continue exhorting the government to take decisive steps and to give advice when asked for his opinions. In fact he has become something of an elder statesman in a system which, as elsewhere in the Communist world, rarely tolerates the opinions of those who once wielded power.

PERSONAL FILE

1923 Born in Budapest into a working class family.
1940 Joins Social Democrat party.
1948 co-opted into Communist Party, when SDP merged with it.
1954 becomes regular member of Central Committee.
1956 appointed Minister of Food
1960 Minister of Finance.
1963 appointed secretary of the Central Committee for Economic Policy.
1974 sacked as Secretary of CC.

A role Citibank shouldn't have

JOHN PLENDER

BANKERS are thoroughly dangerous folk. This, I hasten to add, is not a gratuitous insult, but a historical fact. Left to their own devices, bankers throughout the ages have shown a marked propensity to over-lend and lend imprudently, with disastrous consequences for monetary policy. They have also abused their fiduciary relationship with their depositors. That is why the banking sectors in all the developed economies have been so heavily regulated. But not any more, it seems.

As Mr Robin-Mouro-Davies of IBCA Banking Analysis has acutely observed, the bank regulators and auditors in the Anglo-Saxon world appear to have lost heart in the face of the Latin American debt problem. Instead of using *their influence to* ensure that bad and doubtful debt provisions are raised to prudent levels, they have handed over the job to the biggest banking group in the US.

Citicorp, you may recall, precipitated a worldwide reappraisal of the value of Third World bank loans in May, when it made provisions of 25 per cent against its portfolio of sovereign debt in less-developed countries. Suddenly, all the other big banks, including the British clearers, felt obliged to increase their provisions, having declared only weeks before on the publication of their annual results that the amounts set aside were perfectly adequate.

Last week Citicorp announced that it was raising $1bn of new equity to bring its ratio of common equity to gross assets up to 3.6 per cent by the end of the year. This will no doubt become the industry yardstick, just as the earlier change in attitude on Latin American debt reverberated around the rest of the global banking system.

Here is irony indeed. For it was a former boss of Citicorp, Mr Walter Wriston, who played the role of Pied Piper in the improvident bankerly stampede into Latin American lending. Countries, he assured the doubting Thomases, could not go bankrupt.

This oft repeated slogan has not done much for his reputation or won him a sinecure in the Reagan Administration. But it does underline the point with which we started, as well as raising a question about the wisdom of leaving the task of cleaning up the mess to his successor, Mr John Reed.

Perhaps we should not carp too much at the return of this wayward banking giant to the fold. But in the words of Saki, every reformation must have its victims; and you cannot expect the fatted calf to share the enthusiasm of the angels over the prodigal's return. In this case the fatted calves fall into three distinct categories.

The first and most obvious contains Citicorp's competitors such as Manufacturers Hanover, Chemical Bank and Chase Manhattan, whose ratios looked even thinner on the day after Citicorp announced its capital raising plans. The other casualties are the reputations of the bank regulators and auditors.

By admitting past error, Citicorp has embarrassingly highlighted the dismal supervisory performance of the central banks in relation to Third World debt. In the period of petro-dollar recycling in the 1970s, they egged on the commercial banks, despite ample warning from some very respectable economic sages. And today the Bank of England is still leaving it to bank management to decide on the level of provisions for individual countries, although it has made some modest gestures in the direction of tightening the rules.

Yet to leave it to bank management to exercise individual judgment on sovereign debt is to underplay the gravity of a problem that threatens the solvency of the world banking system.

All the banks are in the same boat with the same countries. As Mr Monro-Davies implies, this is far too important an issue to be left to individual banks to resolve as they please. And it is patently absurd to leave it to the judgment of Citicorp.

As for the auditors, they have talked themselves into a state of paralysis over bank accounting. The conventional wisdom seems to be that bank audit reports cannot be qualified because of the risk of precipitating a run on deposits. On sovereign debt, auditors seem incapable of questioning the level of provisions even when the secondary market in Latin American debt clearly indicates that British and US banks have under-provided, and when everyone, bar senior bank executives, knows that provisions in 1986 were undesirably low. Nor do they seem to care whether the provisions are taken against pre-tax profits, or below the line.

How independent, you might ask, are the auditors? Consider the case of a well-known bank auditor who published an article advocating solutions to the debt crisis that would have required banks to make realistic acknowledgement of some of their loss. Within no time, he told me, the chairman of one of the big four clearers was on to the firm to point out that this was not to his liking. A potent threat, when you consider that the firm derived lucrative consultancy and taxation assignments from the bank, as well as audit fees. There have been no more articles. But there may soon be a general presumption that auditors are kindly gentlemen whose chief hobbies are gardening and doing what they are told.

Let us have leaner and meaner watchdogs. For the lesson of the debt crisis is assuredly not that everything can be l[illegible] to the bankers.

Their reputation is at stake

JUSTINIAN

SPYCATCHER landed in my lap last week; an English friend, returning from the US, brought two copies home. I shall read it avidly, the more so since it contains the ingredients of forbidden fruit. In spite of the House of Lords' ban on newspaper coverage of the book, Peter Wright's memoirs will in the near future have been read by more people in this country than the daily readership of this newspaper.

The Government has gone to inordinate lengths in the courts to keep the contents of the book out of sight, although it took no legal steps to stop *publication in the US (no doubt,* because it knew that it would fail in the attempt). Copies of the book flow unhindered through Customs. Ideas which have attained such wide currency cannot be proscribed as if they were some kind of virulent disease. It is absurd that the majority of the Law Lords should throw up a traditional *cordon sanitaire* against infection from abroad.

The ineffectiveness of the decision is certain—and that should be the conclusion whether or not the Law Lords' ruling infringed the fundamental freedom of expression. The rejection of the majority decision should be as much on practical grounds as on grounds of principle.

One's sadness at seeing the law get hopelessly out of step with social reality is matched by the feeling that long-term damage has been done to the *public's image of the final court* of appeal. That feeling is reinforced by the adverse criticism of the majority decision from two former distinguished Law Lords, Lord Devlin and Lord Scarman. Nothing less than the preservation of judicial proprieties and courtesies is at stake.

Disagreement, even vigorous dissent among appelate judges, is a common feature of the English judicial process. We do not cover up individual judges' differences by one composite judgment which seeks to establish a common front out of disparate views. There is nothing untoward in publishing judgment taking diametrically opposed views. The convention is however that all judgments *should* be *circulated in draft* form among the judges so that modification or even change of view can take place before the final judgment is ready for delivery.

During the last war, communications among the Law Lords were such that the Lord Chancellor's Department dispensed with the process of circulating judgments in advance. In the case of Liversidge v Anderson in 1941, Lord Atkins's famous dissenting judgment — in which he castigated his fellow judges for acceding to arguments by the Crown that were apt only before a court at the time of Charles I —was not seen until the day the speeches were delivered in the chamber of the House of Lords. The incident led Lord Atkins to be ostracised by his colleagues and gave rise to some unseemly correspondence in the letters columns of The Times.

In the Spycatcher case, drafts *of judgments appear to* have been circulated in advance. But the time lag—only two weeks between the end of the oral hearing and the handing down of the printed speeches—was too short for mature consideration and reflection. Did the case demand such urgency?

If the newspapers which were seeking the discharge of a year-old injunction had had to wait a few more weeks while the Law Lords ruminated on the case, there could have been little complaint. And if (as became the case) the injunctions were to remain in force pending the full trial, would it not have been preferable to say as little as possible to justify that position? After all, the question of a permanent in*junction will have* to be considered by the court of trial—the sooner the better.

The non-observance of such procedural niceties will be forgotten. What may not be so quickly overlooked are the rival contentions between Lord Bridge of Harwich on the one hand and Lords Templeman and Ackner on the other over the impact of the European Convention on Human Rights. Lord Bridge was categorical: "If the Government are determined to fight to maintain the ban to the end, they will face inevitable condemnation and humiliation by the European Court of Human Rights in Strasbourg." Lord Templeman took the opposite view. His opinion was that the ban on publishing Spycatcher is sustainable under the European *Convention* on Human Rights because the case falls within the exception to freedom of expression as being "necessary in a democratic society." Anyone familiar with the jurisprudence and case lore of the Europepan Court of Human Rights cannot seriously doubt that Lord Bridge is right and Lord Templeman wrong.

The only way out of a rebuff from Strasbourg is for the Government to review its pursuance of the ban on publication. If it abandons its legal chimera now it will, among other things, head off any further tarnishing of the public image of the Law Lords.

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Onus is still on Syria

AFTER nearly 10 months of isolation, Syria finally seems to be edging its way out of international quarantine and back into the focus of western diplomacy in the Middle East.

The US has resumed high-level dealings with Damascus, and will be sending its ambassador, Mr William Eagleton, to the Syrian capital next month. The European Community has lifted its ban on ministerial visits to the country, and West Germany has agreed to reinstate an aid package it suspended last year.

Only Britain, which initiated the period of purdah for President Hafez al-Assad last October when a London court implicated his regime in plotting to blow up an Israeli airliner leaving Heathrow airport, is holding out against some sort of reconciliation.

On the face of it, London's scepticism might seem curiously out of step with a growing conviction among its allies that Syria is a country which they cannot afford to ignore. There may well be a number of good reasons for wanting to deal with Syria anew—ranging from the crisis in the Gulf to Damascus's important role in any future international peace conference on the Middle East. But a degree of caution is still in order, since President Assad has yet to prove conclusively that he can deliver on any of the issues on which he is promising to help the West—particularly with regard to his fraught relationship with Iran.

Concrete steps

To give Syria credit, it does appear to have taken concrete steps to improve its image and to distance itself from the most flagrant forms of terrorism with which it has been associated in the West. President Assad's decision to send 7,000 troops into Beirut last February met with muted applause among western nations which had come to see a restoration of order there as the best they could hope for. He has closed down the Damascus office of the Abu Nidal Palestinian group. There are claims from Syria—unconfirmed in the West—that he has acted to curb the activities of those who were most heavily implicated in the Hindawi airliner plot. He has undoubtedly been making efforts to gain the freedom of the 25 or so western hostages still believed to be held in Beirut.

But the fact remains that on this last issue, it is still not entirely clear to what degree the Syrians can be of assistance, or are prepared to jeopardise what they perceive as their wider interests in order to help. A vivid illustration is the case of Mr Charles Glass, the American journalist who was kidnapped in Beirut in June — presumably by pro-Iranian Shiite Moslems—but who gained his freedom last week.

There is no question that Syria was working for Mr Glass's release. He was the only western hostage to have been snatched since Syrian troops marched into West Beirut, and the kidnapping was a major afront to Damascus. Yet although Damascus was swift to claim credit for "facilitating" his release and Washington has been equally quick to express its gratitude for Syria's efforts, there is still a suspicion that Mr Glass's flight from his kidnappers was all his own work.

Uncertainties

The whole question ultimately hinges on the strength and importance of Syria's relations with Iran. Damascus has become Tehran's only consistent Arab supporter in its war with Iraq, mainly on the strength of President Assad's deep-seated loathing of Iraq's President Saddam Hussein. Syria has told the West and the majority of Arab countries backing Baghdad that it is vital to keep talking to Iran; that it can use this relationship both to achieve progress on the hostages, who are widely believed to have been taken on direct orders from Tehran and to temper the zeal with which Iran prosecutes the Gulf war. The US appears to have accepted the argument in agreeing to restore full diplomatic ties, though it will have to be careful about creating any impression that it is prepared to trade the development of relations for further hostage releases.

Realistically, though, the West in general and Britain in particular have a right to wonder how far Syria is prepared to push the Iranians. Although President Assad has not disguised his annoyance at the troublesome activities of Iran and its surrogates in Lebanon, he has not succeeded yet in reversing them. And he has not changed his position over the Gulf war despite Iran's continuing occupation of important swathes of Iraqi territory, and immense Arab pressure for a reconciliation with Baghdad. The onus is now on Syria to earn a full return to western favour by proving that it can turn its leverage over Iran to genuinely constructive ends.

UK industry in Europe

BRITISH companies have been showing a remarkable appetite for acquisitions in the US. Some of the deals have been extremely ambitious, others involve medium sized companies venturing into the US for the first time. A fair proportion of these transactions will fail; there is always a tendency to underestimate the difficulties of running US subsidiaries. But what is particularly striking is the contrast between feverish British takeover activity in the US and hte absence of similar deals on the continent of Europe.

It is true that the opportunities for making large purchases, especially through the stock market, are much fewer in countries like France and Germany. Some British companies can plausibly argue that they are building up their continental business in less dramatic ways and that US takeovers add to their global strength. But there is a risk that an excessive preoccupation with the US will distract British companies from the task of improving their competitiveness within Europe.

The pace of European industrial integration is quickening. Protected national markets are opening up. Unless companies take steps to become low cost producers with effective Europe-wide sales networks, they will find themselves under threat in their home market.

Badly chosen

A few far-sighted British companies like ICI, aware of their over-dependence on domestic and Commonwealth markets, began to develop a European policy in the early 1960s. A decade later, at the time of Britain's accession to the Community, many more tried to make up for lost time through takeovers on the Continent; the idea was to establish a bridgehead from which a full-scale attack could be launched. But the results of this takeover wave were disappointing.

In some cases the targets were badly chosen. Buying a company on the continent did nothing in itself to remedy British industry's competitive weaknesses—the lack of economies of scale, products ill-suited to continental needs and poor distribution arrangements. Finally, British businessmen found it hard to adjust to a different legal and commercial climate on the continent.

More integrated

An important difference between now and the mid-1970s is that the European market is more integrated than it was then. While there are still too many barriers to trade within the Community, competition in a growing number of industrial sectors is now genuinely European in character. Hence manufacturers are under pressure to reduce component costs, which means looking for the most competitive suppliers through out Europe and beyond. To achieve economies of scale in their own factories, they must win at least a respectable market share within Europe.

These trends are apparent even in sectors which have been dominated by government purchasing. Asea and Brown Boveri, which recently announced merger plans, believe that in electrical equipment, for example, they need to achieve the lower costs which will stem from rationalisation and the full loading of efficient factories.

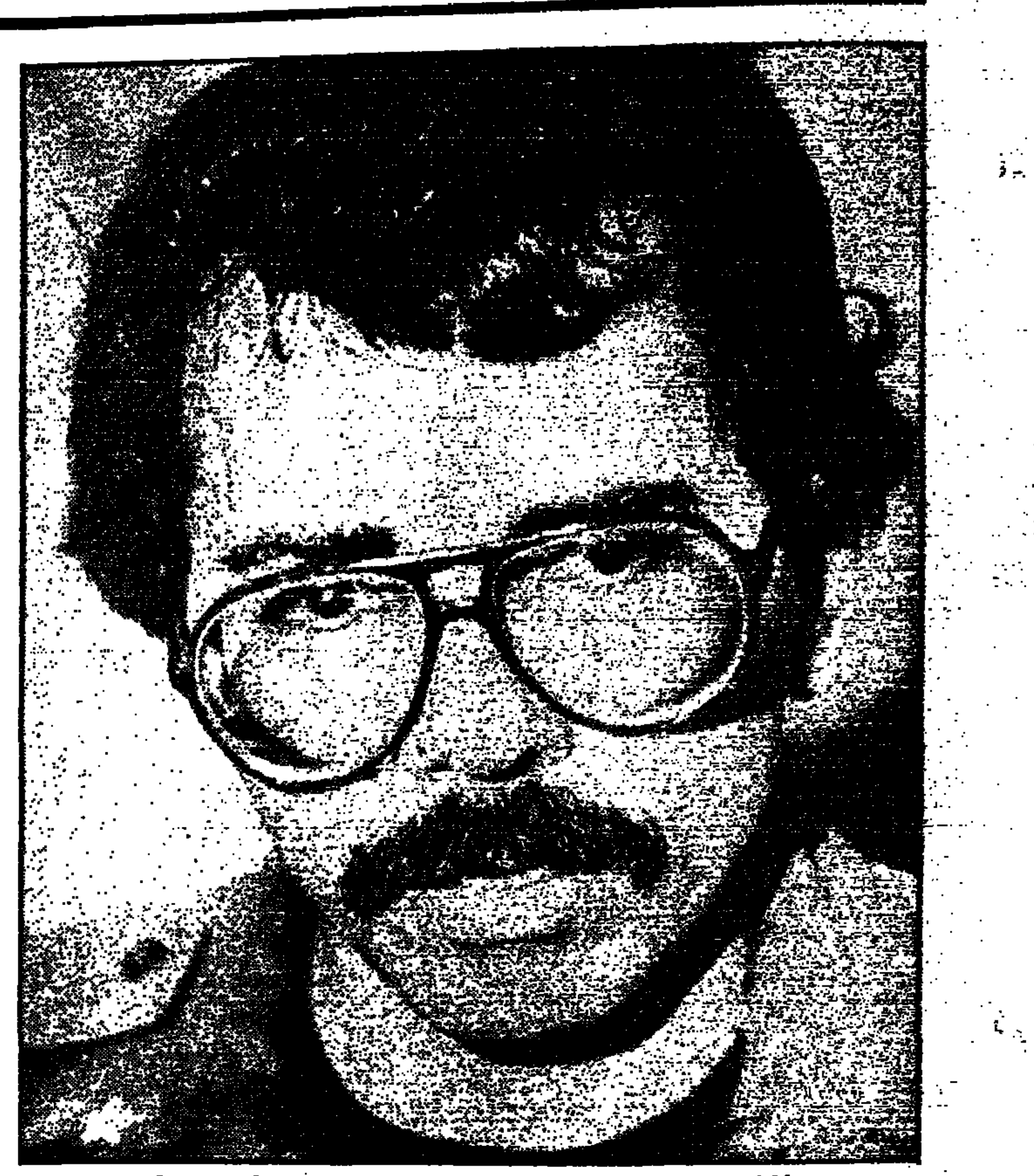
An aggressive European strategy does not necessarily involve large-scale mergers or takeovers. Some products are best supplied from a single plant. In other cases, market leadership requires a manufacturing presence in key territories. Courtaulds, with its acrylic fibre factories in the UK France and Spain, is one example.

British companies are unlikely to compete effectively on a global scale unless they can do so in Europe. The key is to identify their comparative advantage and to support it with appropriate investments in European manufacturing and distribution. Often these investments will be of modest size, unlikely to excite the stock market. But they may have a more important bearing on a company's long-term competitiveness than the spectacular transatlantic takeover.

Politically, the Sandinistas look secure, but they have economic reasons to talk peace

Behind the bravura

By David Gardner



Ortega: only months ago he said internal policy was non-negotiable

NICARAGUA's ruling Sandinistas are a pragmatic breed of revolutionaries. Only two months ago President Daniel Ortega told the nation that while Nicagarua was prepared to negotiate security agreements with its neighbours and the US, it "will never negotiate questions of internal policy."

By signing the peace plan agreed by five Central American presidents earlier this month in Guatemala City, that is exactly what he has done.

Mr Ortega then wrapped himself in the new regional flag run up by the summit, saying "we hope the US Government will behave reasonably and respect this agreement of Central American leaders and leave us in peace."

Under the plan, the Sandinistas have agreed in principle to political liberalisation in exchange for the prospect of an end to their five-year war with US-backed Contra rebels, and — crucially, if implicitly — the chance to regain control of their prostrate economy.

The Guatemala agreement comits the Sandinista government to three things: an amnesty; the lifting of the state of emergency—and thereby all restrictions on press freedom and the right to organise politically; and internationally invigilated elections within its existing political calendar.

The plan envisages a ceasefire across the region within 90 days, by which time signatories must implement its provisions. The Sandinistas, however, are not required to put political power on the line until 1990, when presidential elections are due. Even then, the accord does not appear to question Sandinista control of the army and security forces.

By contrast, neighbouring Honduras, from where the Contras operate and where the US has its forward bases in the region, is obliged by the agreement immediately to start trying to impede the use of its territory by forces wishing to attack Nicaragua.

Sandinista officials are ebullient, sensing a diplomatic wind behind them and revelling in the spectacle of confusion about the plan being offered by the Reagan Administration.

Comandante Tomas Borge, the only surviving founder of the Frente Sandinista movement which led the 1979 revolution and an Interior Minister with a hard-line reputation, says aphoristically that to agree to the five-nation accord "is not to negotiate our domestic policies but to describe them."

Interviewed last week in his fortress-like ministry, he added that "if (the plan) had suggested that we had to gather together the opposition parties and raffle power among them, then no way. . . ."

Behind this bravura is a cold calculation which has identified outright economic collapse as the greatest danger facing the eight-year-old revolution—outweighing the military threat from the Contras or the political risk of givin gfreer rein to a divided and inept opposition.

Comandante Victor Tirado, the member of the Sandinistas' nine-man collective leadership who is responsible for "mass organisations," made three key points in an internal cadre meeting last week.

He said there was a powerful enough political base to resist the internal opposition, and a powerful enough military force to defeat the Contras. But what had to be done was to create the conditions to re-order the country's tiny economy, which in its present state, he said, would not last another two years.

> **There are shortages of everything—especially manpower as a result of compulsory conscription**

Nicaragua is a potentially rich agricultural and agribusiness country. Because of the war, the 28-month-old US trade and credit embargo, and a series of policy errors which combined government interference with, ironically, the lack of any central plan, it has been reduced to beggary, beyond the reach of conventional macro-economic management and with a full ministry for the sole purpose of soliciting aid. This comes mostly from the Soviet bloc, mocking the Sandinista's early pretensions to "diversify dependency."

The Sandinistas understandably feel comfortable about the opposition. When they overthrew the Somoza dynasty at the head of a popular insurrection in 1979, they found themselves running a country with no tradition of political democracy.

At first, opposition figures scrambled to get on the Sandinista bandwagon. As disenchantment set in, they were never sure whether to fight internally in the face of growing restrictions like last year's closure of La Prensa, the only opposition daily newspaper, or to throw in with the Contras and the Reagan Administration. The entire leadership of the right-wing Social Democratic Party chose the latter course.

A profusion of parties still, however, exists. There are two Christian Democrat, two Liberal and three Conservative Parties. Dr Virgilio Godoy, a former Labour Minister under the Sandinistas until 1984, who leads the Independent Liberals, acknowledges the disunity, but says in the palpable political excitement inside Nicaragua after Guatemala "it seems there is new hope in the air."

Mr Guillermo Portoy, the Social Democrat leader, whose faction backed a US-orchestrated international boycott of the 1984 elections and withdrew former Contra leader Arturo Cruz as its presidential candidate, says he is optimistic that the opposition can surmount the chronic leadership squabble it has been embroiled in ever since. "If there were free elections I think we would rise to the challenge of unity," he says.

Militarily, the 60,000-strong Sandinista army has badly mauled the Contras during the last three dry seasons. The right-wing rebels, who claim a force of 15,000, failed miserably on the battlefield this year despite $100m in new finance, sophisticated weaponry and saturation training from the US.

The Contras still fight like a regular army. They habitually hit civilian targets, and partly as a result, are unable to live off the land as, for example the left-wing FMLN insurgent army half their size does inside El Salvador.

Holed up in their Honduran camps or dispersed inside Nicaragua, they are easy meat for the Sandinista poachers-turned-gamekeepers, insurgents turned counter-insurgents. The Contras are losing three combatants for each Sandinista they kill, says Comandante Borge, or about two-for-one dead according to independent estimates.

But it is not only military might and Comandante Borge's fearsomely efficient counter-intelligence that has sealed the country against the counter-revolution. Political improvisation, the Sandinistas' hallmark of governing by trial and error, has played a major part.

In the countryside, the Government has accelerated distribution of (mostly state-owned) land to individual peasant farmers angry at the agrarian reform programme's earlier concentration on state farms and co-operatives.

This has undoubtedly denied the Contras a potential base. It is gradually relinquishing rural distribution into the hands of rigorous, Sandinista-dominated but multi-party peasant trade unions and allowing basic produce prices to rise to give the "campesino" a better return and encouragement to produce.

Enormously scarce goods and services are also being channelled to the countryside; and the ordinary Nicaraguan is more likely to secure boots, beans or a battery 50 miles from Managua than in it.

This policy contrasts strongly with Nicaragua's US-backed neighbours in El Salvador and Guatemala, both ruled by army-dominated Christian Democrat governments facing left-wing rural insurgencies. San Salvador and Guatemala City glitter with superficial, dollar-fired prosperity, while much of their hinterland lies in various stages of ruin and trauma.

For all its success as a war strategy, however, as an economic policy it has come up against implacable limits.

Comandante Jaime Wheelock, the agrarian Reform Minister, last week, for instance, announced a major rebound in the production of staple grains (maize, beans, rice), now favoured at the expense of traditional cash crops (coffee, cotton, sugar, tobacco and bananas).

But he revealed that $120m had been assigned for agro-chemical inputs to August 9—or 40 per cent of total export revenue expected this year.

According to one official, 47 per cent of this year's budget—up from 40 per cent last year—will be devoted to a war which over five years has cost Nicaragua nearly $3bn. This includes the effects of the US trade and credit embargo and an estimate of forgone production.

Total exports last year were $226m against imports of $760m. With the total foreign debt, mainly to western banks, estimated by government economists at $7.5bn and largely unserviced, foreign credit, generous in the revolution's early years, is no longer available to finance the gap.

The budget deficit, this year and last, has exceeded 20 per cent of GDP, roughly equivalent to the defence outlay. According to government economists, inflation has now reached 1,000 per cent, and there are de facto about a dozen exchange rates.

There are shortages of everything from beans to toilet rolls, and above all manpower, as a result of compulsory conscription for 17 to 19-year-olds and reserve duty for those up to 45. "The war absorbs the most lucid minds," laments one official.

Yet though the war is now the critical macroeconomic variable, some government officials admit that earlier policy failures played at least an equal role in harming Nicagagua, in a depressingly familiar Third World litany: an overvalued currency, over-generous subsidies to both capital and labour, an inhibiting regulatory maze and over-concentration on large agribusiness projects which have been high on foreign exchange consumption.

Then, this May, the Sandinista's main prop creaked beneath them. The Soviet Union, which provides all Nicaragua's arms and virtually all its fuel, told the Comandantes they would not be allowed to exceed their assigned oil quota, sending a clear signal to both Managua and Washington that Moscow is not willing to raise the international stakes on the Sandinistas' behalf, and telling senior Latin American diplomats that it strongly favoured a regional settlement.

The Guatemala agreement, the Sandinistas acknowledge, will put their regime under a world microscope. But as a senior government politician pointed out privately, both the Hondurans and the US face international and domestic pressure over Nicaragua, while the Sandinistas are most clearly the masters in their own house. "Which is easier to do in 90 days" he asked rhetorically, "lift the state of emergency or get the Contras out of Honduras, open La Prensa or shut down the Contra camps"

What the Sandinistas do not appear to have seriously contemplated is relinquishing power. Although they will work with multi-party trade unions the idea of the fragmented opposition taking power "has always seemed unreal and therefore we haven't really confronted it," Dr Rafael Solis, a former guerrilla commander who leads the Sandinistas in the National Assembly, admitted in an interview last year.

Comandante Borge, with characteristic hyperbole, said "it's a possibility, a real one, backed by our constitution that a force which is not the Frente Sandinista could take over the Nicaraguan Government. Personally, I think it is virtually impossible for a people to turn its back on history. If it happened I don't know what would take place but I would cease to believe in history and mankind."

Men and Matters

EDINBURGH, AUGUST 23

From festival to reality

Edinburgh people blink in amazement at the crowds and the astonishing range of artistic happenings which the festival —now in its last week—brings to the city. But cynics say that these three weeks of international popularity simply replenish Edinburgh's reserves of complacency for another year.

Soon, they moan, lethargy will reassert itself. The arts will all but die for another year. And one of Edinburgh's abiding faults, the failure of the city's leaders to agree among themselves on any bold new project, will once again take over.

This year, however, things look different. This does not mean the city is about to build an opera house on the site designated 23 years ago. But schemes are afoot aimed at breaking a logjam on office development which threatens Edinburgh's future as Britain's second financial centre.

The left wing Labour district council, in power since 1984 used to thwart plans for new office developments near the centre of the city, preferring outlying sites and expressing a general preference for industry "dirty jobs" as the clean young investment managers of Charlotte Square call them.

But recently, faced with the dread prospect of financial institutions moving to the more enterprising city of Glasgow, the council approved a strategy for re-developing an area of decaying buildings and vacant sites on the western fringe of the centre of Edinburgh.

"Edinburgh's in danger of getting its act together," says Jim Fiddes, a senior partner with the chartered surveyors Kenneth Ryden, with a lingering hint of disbelief.

"Sorry — I'm a visiting Russian folk dancer."

Bridging a gap

A project to build a £30m conference centre and office complex on a site behind Edinburgh's Caledonian Hotel is the lynchpin of the new strategy. After 10 years desultory talk there is now unprecedented agreement on the scheme between the district council, Lothian regional council and the chamber of commerce.

David Mowat, the brisk chief executive of the latter, believes that the centre is needed not just to maintain Edinburgh's somewhat flagging position as a major conference venue, but also because if this site is not occupied no one may want to go to the spaces beyond it. The conference centre will bridge the gap between these sites and the Georgian New Town, where the financiers are now.

The only sticking point is Treasury approval for the £10m contribution from the Scottish Development Agency.

Mark Lazarowicz, the 34-year-old leader of the Labour group on the council, insists that there has been no change in the council's policies. "It's just that politically prejudiced people have changed their perception of what we're trying to do and these projects happen to have come to fruition just now," he says diplomatically.

Lararowicz is the son of a Pole and moved to Edinburgh from London only ten years ago, which he says puts him into an ethnic minority here on two counts.

Able and fast talking, Lazarowicz looks like an overgrown undergraduate. But since he took over as Labour leader from his Militant predecesor Alex Wood early last year he has undoubtedly steered the council into a more productive relationship with the business community while still preserving his left-wing credentials. The less charitable attribute the change to next spring's local elections.

The new office development strategy envisages at last using the site, universally known as the "hole in the ground" just behind the Usher Hall—but not, Lazarowicz admits, for an opera house. The consensus does not extend that far.

But at last there is an alternative. Frank Dunlop, director of the festival, has conceived a plan with the owners of the vast but dingy Playhouse Theatre to upgrade it dramtically and build on a new front—at a cost of £6m, which would in effect create an opera house.

Banking worries

Shivers ran down the spines of watchers of the Scottish financial community recently when the Government decided not to refer to the Monopolies and Mergers Commission the takeover of the Clydesdale Bank by National Australia Bank.

Though the management of the Clydesdale was delighted to be leaving the restrictive grip of the Midland Bank some people in Edinburgh felt that the National Australia Bank should at least have had its plans for Clydesdale questioned in detail.

Their real worry is that the Government might take the same attitude if a foreign predator makes a bid for the Royal Bank of Scotland, as Hong Kong and Shanghai Bank did in 1981.

Officially, at least, these worries are not shared by the Royal Bank itself. The bank is independent and wants to remain so—unlike the Clydesdale which was clearly delighted to swap one owner for another. Furthermore, the much greater prominence of the Royal Bank ought to ensure that the Government would intervene if it faced an unwelcome bid.

But lacking a big protective shareholder the Royal is, on paper, vulnerable. The only stake in the bank over 5 per cent is the 16 per cent held by thet Kuwait Investment Office. Recently the word went round that KIO was thinking of selling out as part of its diversification from equities.

But Charles Winter, the 54-year-old chief executive of the Royal, says he has been assured by KIO that this is untrue. The Kuwaitis, who are not on the board, are said to be quite happy with the status quo.

What's an elite?

For years Edinburgh Festival directors have contested the accusation that the festival is "elitist." Their defence was always helped by the existence of the fringe, with its hundreds of performances, some by professionals but many put together by students.

But evidently that no longer satisfies the critics. Last week a Scottish writer solemnly informed a conference that the fringe had become unacceptable. It was now "elitist".

Observer

Wales is again surprisingly prosperous. Anthony Moreton encounters a new entrepreneurial spirit

From high stack to high-tech

"THE PROBLEM facing Wales is that most people think of it as a depressed area. It is anything but that. There is quite a boom taking place. The country is prosperous and once people outside, especially in England, understand that, then the upward momentum will gather increasing pace."

That is the view of Mr Bernard Ryan, chief executive of the Land Authority for Wales. And others tell the same story. "The Welsh economy is far more buoyant than I ever expected," says Mr Grant Walshe, regional director of Barclays Bank in South Wales. "We are working flat out talking to companies that want to expand."

The improvement is visible, yet it is not generally believed. There is a tendency to talk down the progress made in the past four years, to disbelieve it has happened or, if it is accepted, to question how long it will continue.

That is hardly surprising. Wales took a battering between 1979 and 1983, especially in its core industries of coal and steel. There are now just over 10,000 miners in South Wales compared with more than 120,000 in the early 1950s. In the 1920s there were seven pits in the Cwmaman valley, less than three miles long, just outside Aberdare; there are now only 14 in the whole of the South Wales coalfield.

The steel industry has experienced a similarly grim decline. Seventeen years ago the industry employed more than 70,000 in Llanwern, Ebbw Vale, Dowlais, Cardiff, Port Talbot and Llanelli. Now the figure is just under 19,000.

At the height of the recession, Wales lost more jobs than any other part of Britain. Between 16 and 17 per cent of the workforce found themselves on the dole. The worst affected areas were the industrial valleys of South Wales and the north-east, around Deeside.

Although unemployment has fallen in every one of the last 12 months, the July figure of 12.7 per cent is still considerably above the national average of 10.4 per cent.

Since 1983, gross domestic product per head has risen faster than in the UK as a whole and so have the numbers of unfilled vacancies and job opportunities, according to a report from the Welsh Development Agency.

"The structure of the Welsh economy has come, since the early 1970s, closely to resemble that of the UK," says the report. "This has been achieved by rapid growth in many industries which are important in a modern economy." It highlights data processing, air transport, mineral oil processing, banking and finance and rubber and plastics.

Mr John Williams, chairman of the WDA, says that Wales is now "a land of opportunity, more attractive to private money." He complains that the country "has for too long been accustomed to seeking public support by proclaiming need, disadvantage and putting forward negative propositions." He believes much of that negative thinking has ended.

The report, however, was received somewhat sceptically, as was a more recent offering from the European Commission. It compared Wales favourably with other depressed areas on the continent, but perhaps went too far by suggesting South Wales is approaching equality with Hampshire and Kent. There are too many remaining areas of industrial blight, not to mention well-known EC-related problems in farming, for that to be credible. But the general picture is not wrong: Wales is becoming a land of chips rather than chippings; high-tech rather than high stack.

Several reasons have been put forward for the change. Labour relations are on the whole good: the big disputes of recent years—first steel, then coal—were national ones imposed on the country. "Wales has never had a bloody-minded workforce," says Mr David Jenkins, secretary of the Wales TUC, pointing out that the principality was in the vanguard of introducing single-union plants. Most Japanese incomers report that the Welsh have adapted to different management styles, although there have been some difficulties, such as those experienced by Hitachi.

Wales has good communications with England, especially with the thriving south-east. But perhaps most important, a spirit of entrepreneurship—something for which the Welsh have never been noted—is increasingly being fostered. According to Mr Williams, the number of company starts in the first quarter of this year was above the UK average, while company failures were below, and Wales has the highest rate of self-employment in the UK.

The WDA has played a leading role in this. It has taken business into almost every sixth form, introducing those approaching school-leaving age to the ethic of business. It has held courses for those contemplating a career in business rather than the professions, the traditional route out of the industrial valleys into white-collar work.

Mr David Waterstone, chief executive of the WDA, asserts that the agency is not in the business of job creation so much as that of nurturing efficient companies. "If you can get the firm right then you can get the economy right," he says. "And we are moving down that path."

Companies which have established themselves in recent years have been in industrial sectors which have a bright future: like Nimbus Records, the first compact-disc producer in the west to make its music available on a revolutionary Japanese sound system, or Align-Rite, which produces photomasks for the semi-conductor industry.

But these are not yet typical. A report by the Welsh Committee for Economic and Industrial Affairs, which includes representatives of local government and the regional TUC and CBI, warns that Wales had a much smaller share of research work than might be expected from its proportion of the UK's working population.

The structure of employment (1984)

Industry group	Employment structure Wales	GB
Extractive	8.5%	4.7%
Chemicals	1.3%	1.7%
Mechanical engineering	2.3%	3.6%
Data processing	0.3%	0.4%
Telegraph & telephone apparatus	0.4%	0.2%
Electronic capital goods	0.1%	0.3%
Other electrical engineering	2.4%	2.3%
Motor vehicles	1.6%	1.3%
Aerospace	0.5%	0.8%
Other manufacturing	14.9%	14.7%
Services & construction	67.7%	70.0%

Source: Department of Employment

CHRIS WALKER

Production too is no higher than it was almost a decade ago, but there are signs that this may be changing. Output rose by 5 per cent between the first quarters of 1986 and 1987 and it is expected that this will continue.

There is a danger that this strong rise could be checked by a lack of modern factory space. The WDA has just under 9 per cent of its factory stock available, the lowest figure since the agency was set up in 1976.

Such a "shortage" does have its upside, though. It is forcing up rents to more realistic levels and producing a better rate of return on investment, the essential factors that will attract the private investor.

The government has played its part in the resurgence. It has paid or committed more than £25m in urban development grants since 1982, which it claims has stimulated private-sector investment amounting to almost £120m.

Public and private capital has worked a partnership. In Rhyl, Beacontree Estates has been involved in a £7m-town centre redevelopment that was grant-aided to the tune of £338,000. In Newport, the council and the Abbey National Building Society have co-operated in a scheme to buy, repair and improve houses.

The automatic regional development grants, introduced in 1984, under the Government's regional aid programme, have been much more popular than expected. In 1985 offers worth £21.6m were made, the figure more than doubled to £43.8m last year and in the first five months alone of this year reached £32.2m.

And there is selective assistance to top-up the mandatory grants. This discretionary assistance was worth £38.7m in 1985 and £37.7m last year.

Other statistics which support the brighter picture are that vacancies are 20 per cent up on 1986, factory allocations will top 2m sq ft for the third year running and inward investment last year brought in £176m, involving 6,711 jobs. In the first half of this year the respective figures were £125m and 4,001.

"The problem," says Mr Ryan, of the Land Authority for Wales, an Englishman who moved to the principality four years ago, "is that Wales has, up to now, lacked the confidence to believe in success. We have been so battered that it is difficult to accept that times have changed.

"But when we do and, most important of all, when we have conveyed that confidence to those outside the country, then there are no limits to how far we will go because all the ingredients for success are here."

British Airways and the Monopolies Commission

The trouble with big airlines

By David Sawers

BRITISH AIRWAYS and British Caledonian, when they present the case for their merger to the Monopolies Commission, will argue that size is now essential for the success of a scheduled airline. But the benefits of size are strictly limited in the airline industry; they improve marketing, but do not reduce costs.

The bigger an airline is, the more places can a traveller reach without changing to another airline; and keeping to the same airline, if not to the same aeroplane, throughout a journey has a genuine appeal to the traveller who values his luggage. The ability to offer through ticketing is therefore one of the industry's more valuable marketing ploys, and the ability to exploit it is directly related to the size of an airline's route network. Its value may well be greater in the US than elsewhere because airlines usually possess their own terminals at US airports, so passengers changing airlines have to change terminals as well.

An airline's costs, on the contrary, are not affected by the size of its route network. The density of the traffic on each route and the length of each passenger's journey are the factors which most influence costs.

Dense traffic allows an airline to use large aircraft on a route, which have lower operating costs per passenger seat-mile than small aircraft; and it allows an airline to employ its staff and facilities on the ground more effectively. But putting more routes together into one airline does not influence the costs of operating each route.

The gains from size in the airline industry are thus gains from marketing effectiveness; size allows airlines to attract traffic from smaller airlines, not to undercut the smaller airlines in price. The greater the difference in size, and the faster this difference is acquired, the more traffic can an airline gain.

Airlines thus have a powerful incentive to grow by merger, which provides the fastest way of increasing the size of their network. But they have other incentives, too, especially in the US, because local monopolies give airlines the chance to charge higher fares and to achieve higher load factors. Acquiring a local competitor is therefore a quick means of increasing profitability, and some of the recent mergers among US airlines seem to have been inspired by this motive. The same thoughts affect airlines' behaviour in Europe; to dominate Gatwick as well as Heathrow would give British Airways valuable market power.

The crucial characteristic of the benefits which airlines gain from size is that they depend upon being bigger than other airlines. If all airlines were roughly the same size, the benefits of being big would disappear: so if the predictions that the world's airlines will merge to form 15 or 20 mega-airlines should prove correct, the airlines would find that the benefits from their mergers had gone by the time they had all combined.

Passengers would still gain some benefit from the combinations because they would get through-booking. But because all airlines were offering this service, no airline would win extra traffic by doing so.

Mergers between major airlines would only be desirable if the benefits which travellers could gain from more through-booking outweighed the losses they could suffer from increased concentration—to say nothing of the short-term disruption that often follows mergers.

The equation is a familiar one, although the benefits are less easily valued than those from larger-scale production, for example. The benefits which passengers obtain from through-booking are not represented by savings in cost or time but by increases in convenience, which could only be measured if fares were freely set by airlines in competitive markets, and they could show that passengers paid higher fares for through-booked services. Such data could only be obtained in the US, and would be confused by extraneous factors: it is these factors which explain why in the US average fares on journeys which do involve changing airline are actually higher than those which do not.

How much higher concentration would cost the traveller would depend on the progress towards liberalising the airline industry's environment outside the US; the more freedom airlines have from government controls and cartel agreements, the more valuable will be the marketing benefits from size, and the possession of local monopolies.

Local monopolies might prove even more valuable outside than inside the US: there are fewer main airports, sometimes only one to a country, so that newcomers have little or no choice about the airport that they should use. Where capacity at an airport is allocated by the existing users, entrants have an even harder task.

An increase in concentration achieved by merger is therefore liable to prove permanent, even if the merged airlines prove to have inherited the worst features of their constituent parts, or just succumb over time to the enervating effects of increased control over the market. Newcomers might be able to undercut their fares, but they would not have the chance to try. Passengers would have more convenient services, but they would be liable to pay for them in reduced efficiency; and the costs are likely to exceed the benefits.

The Monopolies Commission can therefore reject the general arguments about the benefits of size when examining the British Airways/British Caledonian merger, and concentrate instead on the local and particular consequences of the proposal.

The Commission should ask what would happen to competition on services to and from London if British Airways added British Caledonian's share of traffic at Gatwick to its own share of traffic at Heathrow; what would happen to British Airways' efficiency if its largest domestic rival was eliminated; and should the methods of allocating capacity at airports be made less protective of the large incumbent? The Commission should realise that it is examining an industry where real competition has been an anathema, and so has to be carefully nurtured.

The author is an economic consultant.

Letters to the Editor

Docklands' people

From Mr A. Benjamin

Sir,—John Lloyd's article, "Fighting for the likes of them" (August 17) is politically perceptive as usual. In seeking to make his political analysis, however, he has some bruising assumptions built in about the people of Docklands.

Canary Wharf and other developments can be major opportunities for local people. It is not true to say that the office developments assumed, in the main, emigration of the brightest graduates from the City. Indeed, the Canary Wharf Company has committed a very substantial financial sum to the training of local people. Furthermore, any sensible analysis of jobs in the City will show the wide variety of backgrounds from which the present financial services industry comes. It is condemning people without giving them a chance for him to write as he does that the development would "bring them nothing by way of employment or status or a better life." Worse, he states that they would not be accepted even if they entered the world of financial services.

I profoundly disagree with that premise. The substantial investment by the LDDC in training, counselling, foundation courses, awareness programmes and education support is being made primarily to enable local people to benefit from developments such as Canary Wharf, and personally to succeed.

Occupations in the financial services industry require people who can speak, read, write and have received some relevant training. Furthermore, there are many support occupations that are critical to the success of financial institutions. This means that all options are open to local people who wish to make careers of this kind.

The LDDC is engaged in the regeneration of a part of London that was allowed to become an appalling mess physically and psychologically. It is no wonder that people were suspicious about change, but the opportunities are there.

Local people, and especially those robbed of their confidence and support over the generation 1955-80, need substantial and consistent support. Our own projects, our partnerships with ILEA and Newham, our investments into enterprise centres, new colleges, and our training agency Skillnet, all bear testimony to the LDDC's commitment to local people. The LDDC is determined to enable the building of a "skillforce"—a flexible population, suitably trained and retrained in the Docklands — irrespective of origins.

Some of the older people in the area may remain suspicious but we have no doubt that by the early 1990s, if the proposed developments are completed, there need be no unemployment in Docklands. As for acceptance, all employers are interested in well trained, enthusiastic employees. There is absolutely no bar to local people participating in Canary Wharf jobs. In fact, it is hoped to fill over 30 per cent of the jobs from local sources. It is for the likes of them.

Alan Benjamin.
London Docklands Development Corporation.
84 St Katherine's Way, E1.

Mauritian success

From Mr H. Shutt

Sir,—Tony Hawkins' conclusion (August 11) that "the Mauritian success story demonstrates that export-led growth is a realistic option for some developing countries" is liable, despite the careful qualification, to give the impression that this model deserves to be taken seriously by a significant number of Third World nations. There are reasons why this is not in fact so, some of which are hinted at in Mr Hawkins article.

Mauritius is totally atypical of developing countries in that it has a tiny population (1m) and, partly for this reason, has been able to obtain a level of foreign aid per head which is relatively high. This in turn makes it much easier to maintain currency and price stability, as well as relatively low taxes, than is generally the case in other LDCs.

The use of duty-free export processing zones—or other forms of export subsidy such as the World Bank is presently encouraging—is only advantageous as long as very few other countries adopt the practice. Once it is generalised it obviously becomes a self-defeating process from which only the multinationals benefit, and in any case is bound to inspire retaliation as soon as it starts to make significant inroads into the world market shares of existing suppliers.

If, as is widely supposed, a central purpose of development is to bring about higher living standard, then the need for export-oriented countries such as Mauritius to maintain low wage rates in order to remain competitive suggests that such an approach cannot be regarded as a valid long-term development strategy. This point, incidentally, is underlined by recent reports in your columns of US demands to have a social clause incorporated in the GATT (Lombard, August 7) and growing unrest over working conditions in South Korea—the prize pupil in the World Bank school—as soon as there is a hint of political liberalisation and restoration of human rights.

Those who are regular visitors to the Third World—or even regular readers of the FT—will know that such perceptions are increasingly widespread there — a fact which obviously explains the growing propensity to economic nationalism, inward-looking development strategies and rejection of IMF-type policy prescriptions. Many may also find it grotesque, as well as hopelessly unrealistic, that the developed nations (led by the World Bank) should be urging poor countries to try and solve their problems by effectively subsidising consumers in rich ones.

Harry Shutt,
The Grange,
Hillside,
Horsham, Sussex.

BA-BCal merger

From the Chairman,
Air Europe.

Sir,—The chairman and chief executive of Britannia Airways is right to explain (August 20) the danger that a merger of BA/BCal would bring to the highly successful deregulated competitive charter airline sector.

It is also valid to explain that much less competition exists in the regulated scheduled airline sector. We do not, however, share Mr Davison's defeatist views for the prospect of competition within this sector. Some competition does exist and while the management of BCal has had to admit to overall financial failure, BCal (among others) has provided competition to BA in the past to the benefit of the UK travelling public. The Government has been successful in achieving some level of deregulation and we are confident that further progress will be made towards the goal of liberalisation within Europe. It would be a tragedy for British aviation and the UK travelling public if BA were the sole British contender capable of providing such services.

We are offering to provide the same levels of vigorous competition, efficiency and high quality service that we provide in the charter sector to the European scheduled sector. If this results in our becoming a second or third or fourth force airline so be it. Our plans would be severely threatened if BA were to be allowed to increase its extraordinary dominant position still further, and British aviation would be condemned thereafter to having a single contender for scheduled service operations.

Harry Goodman,
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130 Wilton Road, SW1.

A French lesson?

From Mr R. Moir

Sir,—The article by Clive Wolman (August 14) and the letter by T. G. Wilmot both on the UK settlements crisis have prompted me to put pen to paper. I feel that it might be beneficial to draw a few lessons from France. At present we are witnessing the French version of the Big Bang which will take place over several years until 1992.

French Agents de Change suffer from two problems, in different degrees. Simply put, they are, lack of internationalisation (foreign business and partners) and lack of capital to make the investments in manpower and equipment that are required in order to keep up with the competition.

While not being immune from back office difficulties (who is not?) the settlement tasks would appear to be less complicated than in the UK thanks to the SICOVAM Societé Interprofessionelle pour le Commerce des Valeurs Mobilieres founded in 1949. With the *dematerialisation des titres* in 1984 however, tasks were further simplified and paper work has been reduced because share certificates do not change hands as all deals are booked through the SICOVAM unlike the UK.

The SICOVAM is the central clearing house for shares and bonds. The principal intermediaries, for example, banks and brokers are all members. Each has a current account which is debited and credited.

Perhaps, these at work on the Taurus system in the UK could learn from their French counterparts and thereby avoid some pitfalls. With the internationalisation of the securities trading industry and the increasing pressures as 1992 approaches it seems that within the business in Europe there are common problems which could merit common solutions in the future. For example, why not a supranational clearing house for equities along the lines of a Cedel or a Euroclear?

In the meantime, each player tries to find a national solution to what are increasingly international problems.

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FINANCIAL TIMES
Monday August 24 1987

Roderick Oram on Wall Street

Dialling a runaway success

ESCAPING to weekend homes in the Hamptons before the Long Island Expressway coalesces into a parking lot is a serious challenge to many New Yorkers on summer Fridays. For some the latest trick is to schedule afternoon phone conferences, hop into a cellular telephone-equipped car and leave after lunch.

Wall Streeters among them had the satisfaction last Friday of playing, via their phones, one of the hottest new stock issues of the year even as they beat the pack to the beach.

Not only wheeler-dealers bound for Long Island see the benefits of mobile phones. Other Wall Streeters too jumped on Friday at their first chance to buy into McCaw Cellular Communications, the largest US operator of cellular telephone services.

The offering valued the Seattle-based company's total share capital at \$2.7bn, equal to more than 150 times its revenues last year of \$17.8m. Even Genentech, the hottest of biotechnology stocks, never traded higher than 40 times sales.

McCaw's parent, McCaw Communications Companies, which is 55 per cent owned by the McCaw family and 45 per cent by Affiliated Publications, publisher of the Boston Globe, put only 12 per cent of the telephone company up for sale, so dealers and investors scrambled for stock.

Nearly a quarter of the float changed hands in two hours of trading as the stock soared as much as \$4 from the offer price of \$21. Some disappointed investors instead chased after Racal, the UK electronics group deeply committed to cellular telephones in Europe. Its shares rose sharply in heavy trading in London.

Analysts liken cellular telephones now to the early days of television broadcasting in the 1940s and cable television in the late 1960s. Some are forecasting operating profit margins of 55 to 65 per cent compared with 40 to 50 per cent for cable TV in its heyday.

The bounty is still a long way off, however, for the infant industry. Four years after the first service was opened in Chicago, the number of US cellular telephone users is nearing 1m, or roughly 1 per cent of the population in the markets licenced.

McCaw and its competitors have been pre-occupied so far with horse-trading of licences. In each market, Washington issues only one cellular licence to the traditional 'wire-line' phone company and one to a cellular company. Licence prices have rocketed in the last two years from around \$15 per head of population to an average of around \$70 per 'pop', in the industry jargon.

McCaw ran up long-term debt of \$778m buying up 37m pops in 94 markets. It is raising another \$400m in junk bonds and says it will need to keep borrowing for several years yet to cover interest expenses, buy more licences and build its cellular systems.

In the first quarter ended March, interest expense of \$25.3m contributed to a loss of \$46.5m on revenues of \$20.5m. Wall Street is pinning its hopes for the company and industry on a rapid build-up in customers as the cost of cellular telephones continues to fall rapid-

Mr Kenneth Leon, a Bear Stearns analyst, forecasts that users will total 4 per cent of the markets' population by 1992. Whether penetration will hit, for example, 8 to 10 per cent will depend on further technological developments and how cheap service becomes. McCaw's shares are probably worth \$24 on the basis of its business a few years down the road, he estimates, but meanwhile 'other investments in cellular are more attractive on a concrete basis.' He cited, for example, LIN Broadcasting and Cellular Communications.

Longer term the picture is far murkier. Those people who seem certain cellular telephone franchises are licences to print money have short memories about other regulated industries. It would be positively un-American for the chosen few to be allowed to reap huge profits for long. At some point administrative fiat or newer technology will make the industry intensely competitive.

McCaw's parent is familiar with the problem through the impact on cable television of satellite broadcasting and other developments. It was one of the 25 largest cable TV system operators in the country until it sold the last of its cable assets in April.

Perhaps McCaw made its strategic switch with the likes of Mr David Alwadish in mind. Owner of the North of the Border restaurant in Manhattan, Mr Alwadish is experimenting with a cellular telephone on his Mexican food push cart parked at 50th Street and Fifth Avenue. It is used to send for more supplies from the restaurant four blocks away and to receive orders from customers in too much of a hurry to queue for their tacos.

John Elliott on another rupture within India's ruling Congress I Party

New blow to Gandhi's power base

LEADING POLITICAL opponents of Mr Rajiv Gandhi, the Indian Prime Minister, pulled off a significant coup over the weekend when a young minister and four other senior political officials of Mr Gandhi's ruling Congress I Party resigned in the northern state of Uttar Pradesh.

Such a development in the frequently turbulent politics of this large state would not normally have any national significance. But the resignations are important because they signify a setback for the dwindling authority of Mr Gandhi, and a victory for his growing band of opponents, led by Mr Vishwanath Pratap Singh, India's former Defence and Finance Minister who is beginning to develop an image as an alternative prime minister.

Mr Gandhi is facing a series of corruption scandals including allegations of family involvement in bribes paid on a \$1.4bn gun contract with Bofors of Sweden. He has suffered a series of major electoral defeats in provincial elections, and is facing the politically unsettling prospect of severe water shortages and economic setbacks because of the major drought.

There is no immediate prospect of him being abandoned by his 400-strong majority in India's 542-seat lower house of

Battle lines: Rajiv Gandhi (left) and opponent Vishwanath Singh

parliament, the Lok Sabha. Some of his problems have also been eased with a recent change of the country's constitutional head and president.

But there would be widespread calls for his resignation, perhaps backed by politically inspired riots, if he or his family or friends were found to be involved in the Bofors scandal. In addition, Mr Gandhi's poor electoral record means members of parliament are questioning whether he could lead them to another victory in the next general election due at the end of 1989.

Uttar Pradesh has become a front line in Mr Gandhi's battle for long-term survival. It is the heartland of what is known as India's Hindi belt which is the Congress I's main stronghold. It is also the traditional power base of India's prime ministers and Mr Gandhi is the MP for its constituency of Amethi, home of Mr Sanjay Singh, the state minister who resigned on Saturday.

But it is also the home state of Mr Vishwanath Singh and of another of Mr Gandhi's main opponents, Mr Arun Nehru, his cousin and the former National Security Minister, who are attracting Mr Sanjay Singh and others to their cause.

Mr Vishwanath Singh and Mr Nehru were two of Mr Gandhi's most trusted ministers and aides untill he fell out with them during the past year, alienating them in the same fashion that has upset his relationships with other influential ministers and aides.

Last month they were expelled from the Congress I and combined with other significant dissidents to start a nation wide campaign aimed at ending Mr Gandhi's rule as Prime Minister and party leader.

These two men and their allies are cashing in on the fragility of the Uttar Pradesh Congress I Government in an attempt to undermine Mr Gandhi. There are believed to be more than 70 dissidents among the Congress I's 260 members in the 420-seat state assembly.

The aim of Mr Singh and his colleagues is to force such a flood of resignations - which started last month - that Mr Gandhi is forced either to change the chief minister, which would be a personal setback, or to dissolve the assembly, which could lead to an embarrassing election.

Cigarette makers to step up action over French restrictions

BY LISA WOOD IN LONDON

EUROPEAN cigarette manufacturers are seeking to step up action in the EC Commission against France, a member state which is refusing to let importers set their own prices on cigarettes sold in that country.

Major importers into France, including Philip Morris and Rothmans International, claim that profit margins have been so eroded in France by that Government's refusal to allow price increases, that importers are making little or no profit in Europe's third biggest cigarette market.

Lobbying on the issue by other member states and cigarette manufacturers has led the EC Commission to instigate proceedings against France, under Article 169 of the Treaty of Rome, which deals with normal infractions of EC rules.

But in the next few weeks, manufacturers affected by France's action will seek to prove that irreparable damage has been done to their activities in France by Government action.

They will ask for action under Article 186, which if agreed by the Commission, could result in interim measures being taken against France.

Tobacco accounts for about 2 per cent of the weighting in the Retail Price Index in France and the action against cigarettes is seen as a political move to assist the control of inflation.

Under EC regulation, manufacturers have the right to fix prices freely for their cigarettes within general price control limits that may be imposed by a government. General price controls in France were removed at the beginning of the year.

France has never given manufacturers this right even though there was an European Court Ruling in 1983 that it should conform with EC rules.

Cigarette companies exporting to France include Philip Morris, Rothmans International, BAT Industries and R J Reynolds.

Brands, including Marlboro, Peter Stuyvesant and Winston, command about 45 per cent of the growing French market which is dominated by SEITA, the state monopoly manufacturer.

According to Philip Morris, the retail price of its Marlboro cigarettes would have to go up by 15 per cent for its prices in France to keep pace with changes in exchange rates and increases in its manufacturing prices in the Netherlands, from where it has exported to France over the last five years.

Philip Morris has estimated that, since 1982, all cigarette importers into France have made a shortfall in income in excess of FFr 2.1bn (\$344m).

UK economy forecast to slow

BY RALPH ATKINS IN LONDON

BRITISH ECONOMIC growth will peak this year and then slow by 1989 to a level that will reverse recent falls in unemployment, a report by Lloyds Bank forecasts today.

The study says real gross domestic product will increase by about 3¼ per cent in 1987 but declining domestic demand and a deteriorating export performance will cut the annual growth rate to about 2 per cent within two years.

There will be greater upward pressure on prices, according to the report. Rising raw material costs, further increases in average earnings and higher interest rates will push retail price inflation from a recent low of less than 4 per cent to 5.2 per cent in 1988 and 6 per cent in 1989.

The bank predicts that private sector investment will grow strongly this year and in 1988 but that it will fall sharply to the end of the decade in response to slower growth in output and corporate profits.

It also predicts that although the Government will continue to give priority to tax cuts it will be frustrated because of the difficulty in controlling public spending.

Manufacturing output will grow roughly in line with national income in the next five years.

"However, slower export growth will cause the pace of manufacturing activity to slacken in 1989 and 1990 which in turn will cause a rise in unit labour costs eroding UK profit margins," the report says.

This slowdown in manufacturing will be accompanied by a fall in the numbers employed in the sector. But some jobs will be created in the service industries and government schemes will continue to have an impact on unemployment.

"Our forecast shows that although unemployment will continue to fall until the middle of 1988 it will tend to rise back towards 3m unless there is a further extension of special measures," it says.

The report argues that rapidly growing domestic demand accompanied by slow growth in countries which buy UK products is already leading to imports rising ahead of exports. This will cause the UK economy to contract, with the Government unwilling to allow a compensatory fall in the exchange rate because of the consequences for inflation.

The Government will also have to follow a tight monetary policy with high interest rates to keep price increases in check. This will prevent large falls in the exchange rate and will control inflation but at the cost of further depressing economic growth.

UK industry in Europe, Page 8

A do at the zoo keeps creditors at bay

Continued from Page 1

soon are expected to show a further operating loss of just under £2m in the year to the end of March.

The Government has come to the aid by agreeing to extend a £2m a year revenue grant for a further 12 months while a team of consultants, led by accountants Peat Marwick McLintock, explore "how far it may be possible for the zoos to become financially self sufficient and how the private sector can assist".

In turn the society, under Mr John Boyer, the chief executive and a former deputy chairman of Hong Kong and Shanghai Bank, has been trying to develop a more commercial approach. The opening of London Zoo to City institutions and others, for evening functions, is just one piece of enterprise.

Extra efforts are being put into marketing and advertising. An "adopt an animal" campaign has proved a particularly successful promotion and raised extra revenue.

The number of permanent employees at the zoo has been reduced by about 10 per cent. But there is a limit to the number of cuts that can be made without reducing the attractions people expect to see.

The society has failed in recent years to attract the level of private sector backing which might have been expected. A Government offer to match every pound raised by the private sector - up to £750,000 a year - raised only £30,000 in the first year.

London Zoo for much of its 159 year history had survived by the generosity of rich people and businesses.

For example, the small-mammal house, one of the finest collections of its type, was donated by the late Sir Charles Clore.

Large city zoos over the last 20 years have faced increasing competition from rival attractions, as the leisure industry has grown - people now have far greater choice of how to spend their free time.

Attendances at London Zoo, in modern times, peaked in 1950 when 3m million people came to see a young polar bear cub called Brumas.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Dubrovnik	S	26	79	Malta	F	28	82	Rhodes	S	25	77
Algiers	S	33	91	Edinburgh	C	15	59	Manchester	R	14	57	Rio de J'o	-	-	-
Amsterdam	S	21	70	Faro	S	24	75	Manila	-	-	-	Rome	F	30	86
Athens	F	27	81	Florence	S	32	90	Melbourne	C	12	54	Salzburg	S	30	86
Bahrain	S	37	99	Frankfurt	C	20	68	Mexico City	-	-	-	San Francisco	F	15	59
Bangkok	-	-	-	Funchal	S	24	75	Miami	S	27	81	Seoul	F	29	84
Barcelona	C	28	82	Geneva	C	21	70	Milan	F	26	79	Singapore	F	31	88
Beirut	-	-	-	Gibraltar	S	28	82	Montreal	S	13	55	Stockholm	R	17	63
Belfast	R	14	57	Glasgow	F	16	61	Moscow	C	23	73	Strasbourg	C	21	70
Belgrade	S	26	79	Guernsey	F	17	63	Munich	S	28	82	Sydney	S	22	72
Berlin	S	25	77	Helsinki	C	15	59	Nairobi	C	21	70	Taipei	-	-	-
Biarritz	C	21	70	H. Kong	C	31	88	Naples	S	29	84	Tangier	S	26	79
Bombay	R	29	84	Innsbruck	S	29	84	Nassau	-	-	-	Tel Aviv	S	30	86
Bordeaux	C	22	72	Inverness	C	13	55	New Delhi	F	32	90	Tenerife	F	27	81
Brussels	R	21	70	Islamabad	-	-	-	New York	S	19	66	Tokyo	C	26	79
Budapest	S	24	75	Istanbul	R	20	68	Nice	S	29	84	Toronto	S	12	54
B. Aires	-	-	-	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	S	35	95
Cairo	S	33	91	Jersey	S	19	66	Oporto	F	20	68	Valencia	F	29	84
Cape Town	F	14	57	Jo'burg	S	21	70	Oslo	C	13	55	Venice	S	26	79
Caracas	-	-	-	Lima	-	-	-	Paris	F	21	70	Vienna	S	24	75
Casablanca	F	24	75	Lisbon	S	24	75	Peking	-	-	-	Warsaw	S	24	75
Chicago	S	13	55	London	F	20	68	Prague	S	24	75	Washington	S	21	70
Cologne	S	22	72	Los Angeles	S	15	59	Reykjavik	F	11	52	Zurich	R	18	64
Copenhagen	S	22	72	Luxembourg	F	20	68								
Corfu	S	28	82	Madrid	S	30	86								
Dallas	S	26	79	Majorca	F	29	84								
Dublin	C	15	59	Malaga	S	31	88								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Hanson buys stake in Morgan Grenfell

By Terry Povey in London

HANSON TRUST, the UK industrial conglomerate, yesterday confirmed that it had acquired a 3.3 per cent stake, in Morgan Grenfell, the UK financial services group.

It said last night that the shares in the banking and fund management group had been bought several weeks ago and that "they are held very much as an investment".

Australian entrepreneurs Mr Robert Holmes a' Court and Mr Alan Bond also hold stakes.

While few in the City of London expect that Hanson Trust will emerge as a bidder for Morgan Grenfell, all believe that the group is now "in play".

Stockbrokers Barclays de Zoete Wedd have just sent out a circular saying that Morgan Grenfell, in view of the stake building, is one merchant banking stock which should not be sold.

One banking analyst commented that Morgan Grenfell shares had been very attractive in December and January when, in the midst of the insider trading and Guinness scandals, they were below 400p (\$6.48). This compares with Friday's 550p close, valuing the group at £830m.

This was also the period when several Antipodean investors were building up major positions in Hill Samuel. Its share price is still 270p above its January low, despite the collapse of the Union Bank of Switzerland takeover talks last week.

However, much of the stake building in Morgan Grenfell has been more recent, and at prices of about 500p.

"If the market believed that control of Hill Samuel was worth almost 800p, more than fifteen times forecasts of earnings for this year, then a bid for control of Morgan Grenfell should be pitched at least at 600p, possibly plus a premium justified by its ability to remain first in the bid advisory league," the analyst added.

In both 1986 and 1985, Morgan Grenfell topped the advisors league table, measured by bid values, acting for corporate clients involved in 192 takeovers worth a total of almost £22bn.

Even after the Collier and Guinness affairs it has been able to hold much of its former strength - coming top of the league by acting in £4bn worth of bids in the six months up to June.

Mr Holmes a Court, also a minor shareholder in Hill Samuel, purchased the major part of his 5.2 per cent holding in Morgan Grenfell in July at 500p through Dewey Warren, the UK insurance company in which Bell Group, his master company, has a 42 per cent stake.

On Friday, Dewey Warren announced a £65m rights issue to fund acquisitions. Bell Group also holds a 14.9 per cent stake in Standard Chartered Bank.

Perth entrepreneur Mr Alan Bond is now believed to hold around 2 per cent.

Another Morgan Grenfell shareholder who has emerged recently is Mr Jacob Rothschild, of the banking family, with almost 1 per cent bought in January.

The major shareholders in the banking and fund management group are insurer Willis Faber with 20.9 per cent and Deutsche Bank with 4.8 per cent and, in addition, two large UK institutions hold almost 9 per cent between them.

THE LEX COLUMN

Yankee doodle dandy

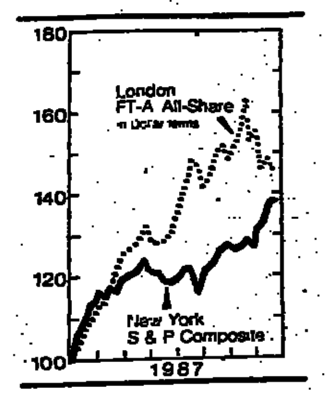
Wall Street is having a ball. The music is getting louder and everyone is having a wild time. Sooner or later, some killjoy is going to send for the police to break up the party, but for the moment the revellers are gripped with nervous euphoria as US share prices test levels undreamt of only a few months ago.

True, US share prices did suffer an acute case of the jitters last Tuesday following the sharp drop in the value of the dollar, but the nervousness was shortlived and Wall Street closed higher for the fourth week running. Over the last three months alone, the Dow Jones industrial average has risen by close to 500 points.

By any conventional measure Wall Street is highly valued at current levels. The market is trading at over 20 times earnings - a level reached only briefly in the early 1960s - and according to S & P US shares are trading at more than two and a half times book value.

The gap between long-term US Government bond yields of around 9 per cent and equity yields of 2.6 per cent is abnormally high, and whereas US analysts had started the year forecasting a one third rise in 1987 earnings, the average forecast for the S & P 500 has been steadily reduced to a much more modest \$16.45 per share - a rise of 14 per cent.

Many of the more conservative US fund managers appear to have been building cash during the summer surge in US share prices and their eagerness to get back into the market is tending to blunt any short-term corrections. In addition, foreign investors continue to favour the US market over the much more highly priced Japanese market. But it is far from certain that foreign confidence in Wall Street can survive another sharp slide in the value of the dollar which is already close to its year's low point.



Quarterly reporting

Anyone expecting great revelations from Hanson Trust's first set of quarterly results tomorrow will be sadly disappointed. Britain's premier conglomerate is likely to report the bare minimum necessary to satisfy the New York Stock Exchange listing requirements.

But at least it should be commended for pressing ahead with its third quarter profits announcement at a time when several companies are having second thoughts. Some, such as Barclays and Glaxo, have taken advantage of a three-year period of grace to delay reporting their profits on a quarterly basis following the listing of their shares on the NYSE, and with the recent relaxation in the NYSE's listing requirements they no longer need to bother.

The NYSE - anxious to lure more foreign companies onto its floor - has been worried by the growing number of foreign companies listing their shares on other US exchanges where listing standards are laxer. Hence the recent decision, known as the Home Country Practice rule, allowing foreign companies to report their results in accordance with local country accounting customs.

Even in the US, it is possible to find plenty of fund managers who question the relevance of quarterly profit figures. Plessey, which has had a NYSE listing for more than a decade, indicated last week that it would be much happier moving onto a half-yearly reporting cycle. It argues that its earnings are distorted by the timing of profits on major contracts and that this can mislead investors.

There is a certain amount of sympathy amongst the UK institutions for Plessey's view, and the experience of Jaguar, which does not have to report quarterly results because its shares are listed on the US over-the-counter market, shows that the failure to conform to US accounting standards has not prevented it from acquiring a major following amongst US shareholders.

Nevertheless, for major UK companies such as Hanson Trust which want to make their mark in the US investment community, preparing quarterly profit statements would seem to be a necessary price to pay if they want to be compared favourably with the US competition. By abandoning quarterly reporting, Plessey would seem to be turning its back on the US investment community at a time when it is trying to reassert itself as a world-class company.

Unit trusts

It seems clear by now that the market was wrong to worry about an avalanche of unit trust redemptions just because equities were falling. Besides not giving credit to an apparent streak of doggedness in the new breed of investor, the fears were in an important sense misconceived. A large proportion of all unit trusts are now held not by individuals but by life companies and pension funds whose response to a falling market is not to sell but to stop buying.

The institutional presence partly results from the remarkable push by the life companies into selling unit trusts themselves. If a life company has its own unit trust team handling investment in small Japanese companies or the Iberian peninsula, it makes sense to invest the main fund through them and avoid duplication of effort. There is also an important tax angle: if a life fund decides to switch from Shell to BP, it incurs capital gains tax on the transaction, but a unit trust does not.

The stability resulting from institutional holding may only be apparent. There is a grain of truth in the gibe about the herd instincts of the fund manager, and if a number of them decide at once to reduce weighting in the Japanese market, Japanese unit trusts are in for a battering. How big a problem this is depends on the size of institutional holdings, but there are no good figures on that.

Nor are there good figures on the number of individual punters now in the market. It seems, though, that having passed the previous 1974 peak some 18 months ago the figure now stands much higher - say, at 1.5m. Some of this will be due to naive expectations set by privatisation issues, but it is underpinned by a massive marketing effort. Even this August, it seems, will see net sales at a high level. This need not be a good sign for equities; the time to sell gold, after all, is when your milkman starts buying it.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday August 24 1987

INTERNATIONAL BONDS

Eurobond market comes through testing time for $ issues

THE EUROBOND market had something to prove last week. Amid a growing swell of opinion that it is returning to its roots with the Belgian dentist after a short-lived flirtation with institutional investors, it needed to show that it can still handle large-size dollar bond issues and find a broad spread of investors for them, writes Alexander Nicoll in London.

In skittish August conditions, with New York fluctuating violently and investors focusing heavily – some would say exclusively – on currency movement, the atmosphere was scarcely propitious. Nobody would claim that there is strong investor demand for dollar bonds.

Yet of six straight issues totalling $1.3bn, none was a disaster – though the French CAECL eight-year deal had a difficult time. And when Belgium's long-awaited $400m issue finally emerged on Friday, it came with a spread more generous than had been expected at 70 basis points above Treasuries.

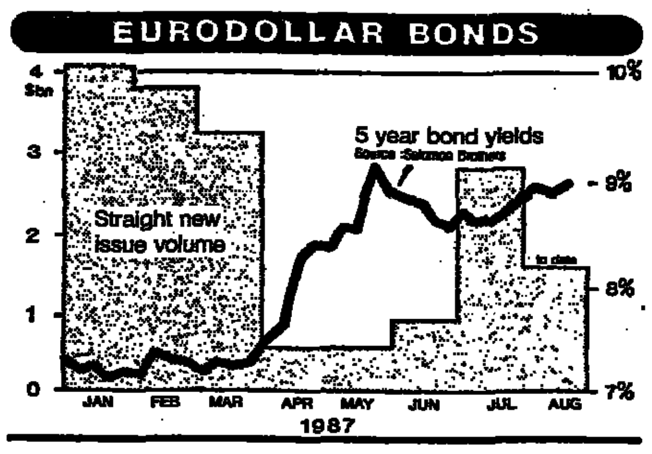
Not for many years has a Eurobond been so widely gossiped about before its launch. After probably every Eurobond house had put in a bid seeking to match Belgium's desire for funding – after the swap – at 25 basis points below London interbank offered rates (Libor), Credit Suisse First Boston won the mandate.

Houses which had offered deals at 60 over Treasuries – and had been told by the borrower that this was too aggressive – could scarcely refuse to take part at 70 over, so CSFB had little trouble in syndication.

Which raises the question: were last week's deals merely a positioning exercise, in which primary market houses took a bet that the upward lurch in dollar yields was all but over?

All six issues were priced reasonably, and were for strong names. It would be rash to bring a less than appealing name on less than fair pricing. Borrowers cannot dictate terms quite so easily these days.

EURODOLLAR BONDS



That agreed, views in the market diverge widely. At one end are the cynics who say that the institutions in Japan and elsewhere, who dominated the Eurobond market for a while, have deserted it.

It is thought that they left because, apart from the currency risk, they do not like the illiquidity which has on occasions been disastrously exposed. In volatile markets, they need liquid markets for trading in and out, and government bond markets are the answer.

According to this argument, the reversion to retail – currently interested in Australian and New Zealand dollars – leaves thousands of Eurobond professionals needing to show they still have a role.

If the Eurobond market can not accommodate borrowers like Belgium and Austria, it might as well pack up and leave them for the syndicated loan and commercial paper people. So it has to make such deals go well.

Rubbish, say a number of last week's lead managers. There is always residual investor demand for dollar bonds, they say. Given the right maturity – five years for all but CAECL and Swiss Bank Corporation's shorter two-year issue – and the right price, there is a modest but broad range of buyers who perhaps also believe the dollar's decline of last week will not accelerate.

CSFB, for example, said that of the $130m of Belgium's issue which it had underwritten, it had sold every single bond. Many genuine end-investors were on the list of buyers, although Belgium, with its bonds in large denominations of $100,000, is not a buy for its dentists.

Even so, there is no doubt that Japanese investors are playing a far less important role in traditional Eurobonds nowadays. Though the steady flow of equity-warrant bonds is no doubt keeping them going, it was striking that they were not enthusiastic about such a prestigious name as Panasonic.

Furthermore, if last week's straight dollar deals were being snapped up by genuine investors, a good deal of the buying probably represented switches out of longer-dated or lower-rated issues.

A feature of both the Belgium and Panasonic issues was that their swaps were arranged by AIG Financial Products, a subsidiary of the American International Group, a US insurance company.

These were its largest deals since it began operating – in New York, London and Tokyo – in July. A dozen of its 30 staff were gathered from Drexel Burnham Lambert. AIG acts as principal in each swap it arranges, and does not seek co-management status.

Belgium's wish for funding 25 basis points under Libor was thought to imply – unless the lead manager injected an element of subsidy – a margin of about 60 basis points over Treasuries, considered too tight by Belgium itself.

AIG and CSFB were keeping silent on how the 70 basis point margin was reached.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	2,764.0	94.9	68.0	4,633.1
Prev	1,779.9	355.8	905.0	5,250.9
Other	1,919.9	19.9	120.3	473.4
Prev	1,658.3	250.3	—	299.1
Secondary Market				
US$	16,629.1	2,400.2	12,847.1	6,044.7
Prev	17,470.6	2,342.9	8,263.8	5,664.2
Other	18,168.7	1,512.8	5,036.0	12,725.7
Prev	22,144.6	1,445.3	3,894.1	11,812.4

	Cedel	Euroclear	Total
US$	12,479.9	32,999.2	45,479.1
Prev	12,238.0	29,796.1	42,033.1
Other	15,676.0	24,102.5	39,978.5
Prev	18,310.6	23,203.5	41,514.1

Week to August 20 1987 — Source: AIBD

INTERNATIONAL CREDITS

GMAC and Guinness shake financiers out of summer lull

IN WHAT was billed as a quiet summer week in international finance, General Motors Acceptance Corporation (GMAC) shook up the European commercial paper market and details began to emerge of a mammoth financing for Guinness, the UK brewer, writes Stephen Fidler in London.

GMAC, the finance arm of the largest US car maker, is the biggest single borrower in the world's commercial paper markets and has been undertaking a review of its year-old Eurocommercial paper programme, which has no maximum size.

It has now pronounced on who it wants to act as dealers, in a move which may presage further shake-outs of dealers on other programmes:

Out go Morgan Stanley and Merrill Lynch.

In come Citicorp Investment Bank and Swiss Bank Corporation International.

In stay Credit Suisse First Boston and Shearson Lehman Brothers International.

GMAC has also decided to expand its programme in medium-term notes in Europe from $1bn to $3bn but has left unchanged its dealing group, which comprises CSFB, Merrill Lynch, Morgan Stanley, Shearson Lehman Brothers and Salomon Brothers.

GMAC is silent on why the dealership changes were made, but changes on such a high-profile programme are likely to ripple through the market for some time.

A major shake-up of poorly performing dealers in the market has been long expected and GMAC's move may give others courage to do the same thing.

That said, some dealers are now quietly reviewing their commitment to the market, since competition is so fierce that very few are making money at it.

About 40 lay claim to the title of dealer but the market seems to be concentrating on a handful of firms, including the four now in the GMAC programme.

Mr Jerome van Orman, director of US borrowings for GMAC, said GMAC's objectives in its Euro-paper programmes remained unchanged "to increase our investor base in Europe at rates equivalent to what we pay in the US."

In the US, the company has slightly under $30bn in outstanding commercial paper, which is the size of some estimates of the whole ECP market.

Outstandings on its ECP programme have varied between $250m and $750m this year, after reaching $1bn at one stage last year, and now about $500m of paper is in the market.

GMAC also has about $550m of medium-term notes outstanding, and Mr van Orman expects this to increase to more than $1bn, sooner rather than later but not until market conditions improve. It has been standing back from the market for the last three weeks.

In the international loans market, Guinness is the latest UK borrower to emerge looking for large sums of money. It is seeking up to $1bn in committed finance, for about five years, in the form of a multi-option facility.

The mandate to arrange the loan – it is not clear what the funds are to be used for – has yet to be awarded but the front-runners must be the main US and UK banks.

Several recent deals for UK companies, particularly a £500m committed financing for BTR, have been struck at what many bankers have considered audacious pricing.

That said, the BTR deal was a market success, save for the rather unusual absence of the British clearing banks as lenders, apparently because of the tightness of the terms.

Bankers say that Guinness may probably expect to pay more than BTR, whose loan carried a facility fee split between 2.5 and 5 basis points and a margin of 7.5 basis points, for two main reasons.

The first is the stigma that still lingers over its dubious tactics in its takeover of Distillers last year, still the subject of a Government investigation.

The second is that the company is known to want its relationship banks in the transaction, and is not thought likely to risk the non-participation of the British clearers.

In New York, Chemical Bank has been mandated to raise about $2bn for Hanson Trust, the UK-based company which has made an agreed $1.7bn bid for Kidde, the US industrial group.

Also providing takeover finance, National Westminster Bank was mandated to arrange a £250m multi-option facility for Queens Moat House. The margin is ⅛ point over Libor.

First Chicago is arranging a $250m revolving credit for Lomas and Nettleton, the US financial services group. The five-year loan carries a margin of 3/16 per cent and a utilisation of 1/16 per cent if more than half drawn.

NatWest is also arranging a Y3.06bn for PIA, the Pakistani state airline. The seven-year tax-spared facility refinances a Y4.37bn loan signed in September 1985. The margin for the first five years is 5/16 per cent and ⅜ per cent for the remainder.

USAA Credit Corporation, a subsidiary of the USAA Federal Savings Bank, is establishing a $250m ECP programme. Morgan Guaranty, Shearson Lehman and SBCI were appointed as dealers.

EOE offers option on American blue chips

By Laura Raun in Amsterdam

THE EUROPEAN Options Exchange (EOE) today launches an option on the Major Market Index (MMI), a basket of US blue chip stocks. Trading in the option will be linked to that on the American Stock Exchange.

The MMI option will be the first US index option listed outside the US and is designed to give European investors a chance to deal in American stocks.

The MMI was created in 1983 by the American Stock Exchange to reflect the Dow Jones industrial average and its option contract is the second most active index option in the US after the Standard & Poor's 100 index option.

The EOE expects most business initially to come from retail investors, who have largely fuelled the Amsterdam-based exchange's growth and are believed to want a way of participating in the general trend of the US market.

It is also hoped that institutional investors – including US brokerage firms – will want an instrument for protecting US portfolios and increasing income of those investments. In the longer run professional traders are expected to exploit arbitrage possibilities.

The MMI option on the EOE will have the same terms as that on the American Stock Exchange so that trading on both can take place for a total of ten hours a day, including one hour of overlap. It is an American style option meaning that the contract can be exercised at any time.

The option is priced in dollars with the price amounting to the index level, for example, 530, multiplied by $100. Contracts will last for one, two and three months plus a fourth period ending later.

Clearing will be handled by the Options Clearing Corporation in Chicago, which also clears other EOE options linked to those in Canada and Australia.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Unclear data leave yields above 10%

THE CLEAR message to emerge from the Treasury and the Bank of England last Thursday when July's £4.9bn surge in bank lending was announced was that they are unclear about the reasons for it.

Credit extension is one of two main focuses in markets at the moment. The other is the trade balance and this is bound to dominate conjecture until July's delayed balance of payments are released on September 1.

The trouble with both credit and the trade balance is that available official information is scarce and, even when it is there, often difficult to interpret.

The only thing the authorities could say with a relative degree of certainty was that July's jump in bank lending was not due to a further burst of borrowing by the personal sector. There was limited evidence that a great deal of lending had been to the corporate sector but, again, the available figures only covered clearing banks, accounting for a small proportion of total banking activity.

Even if one knew who exactly was lending to whom, it is still unclear what companies are borrowing for. Two suggestions are that companies have been speculating heavily about currency trends on foreign exchanges and, in July, had been borrowing to finance increased capital spending.

The data is simply not available to disprove or prove exactly what has been going on in either respect.

Trade figures are just as unsatisfactory. On the invisible side, last week's Central Statistical Office Pink Book again proved how unreliable official data are. The CSO has revised the invisibles surplus for 1986 to £7.5bn from £8.1bn at the end of June, £7.2bn at the end of March, £7.9bn at the end of February and £8.5bn at the end of January.

Estimating invisibles always seems to have a substantial random element to it. However, even judging visible trade is difficult—nobody has yet come with a satisfactory explanation for the weakness of imports in the first few months of this year.

With such a degree of uncertainty, it must be difficult to take sensible policy decisions and the pre-emptive action by the authorities on August 6 to raise base rates should, looked at this way, have impressed financial markets. When the symptoms are there but there is no clear prognosis, why not take a small dose of medicine just in case?

Where does this leave the UK government bond market? The simple answer is that the gilt market has been left with yields of well over 10 per cent, giving an appreciable attraction compared with other world bond markets, and real returns on index-linked at, or near, to their historical highs but no buying interest.

Anecdotal evidence suggests overseas investors, including Europeans and Japanese, are very interested in current yield levels which they feel offer a bargain given some strong fundamentals of the British economy. But few are willing to commit themselves to the market given the current volatility and the feeling that, if anything, yields could rise even further in coming months.

This poses a problem for the Bank of England. Just as the inexorable gloom in the equity market is a worry only two months before the mega-sale of British Petroleum, the refusal of gilts investors to buy yields of above 10 per cent must concern the Bank, which holds its second gilts auction—this time of long-dated stock—in three to four weeks' time.

The trouble is that, under the rules of the Bank's experimental series of auctions, primary dealers are not formally obliged to underwrite the sale. They did, with a vengeance, at the first auction but then market conditions were very buoyant and many houses wanted to gain experience of the new method. Things could be totally different in mid-September.

For the gilt market to stabilise and therefore be in fit shape for the auction, a bottom has to be found. For this reason, the authorities must be tempted yet again to cut the price of the outstanding 8 per cent 1991 tapstock and so help the market judge the level from which any bounce should start.

To bring the tap into line with current market levels, the Bank would have to cut the price by another two points.

Janet Bush

US MONEY AND CREDIT

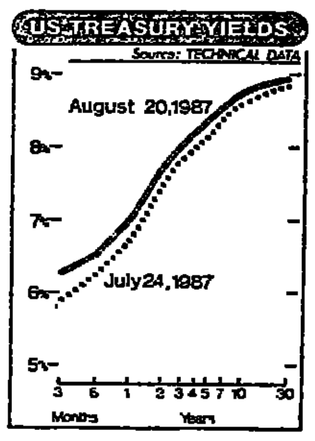
Bonds follow the dollar trail

SOMETHING DREADFUL happened to US credit markets last week. For over a month, more and more people in the markets have been playing with the notion that the dollar has found a floor on the foreign exchanges. Last week, the foreign exchanges started signalling quite the opposite and the credit markets, weighed down with inventory from a Treasury refunding, had nowhere to go but down.

It was just like April all over again. The dollar started falling two Fridays ago in response to some dismal figures on the US trade deficit. Six bad trading days later, it was down seven pfennigs against the D-Mark, at DM 1.8137, and down nine yen, at Y142.25.

In sympathy with the dollar, the brand new Treasury long bond was down more than two points. After almost touching 8.75 per cent in a rally after the Treasury auction on August 13, the yield on the new 30-year issue was back up at 8.97 per cent by the weekend.

As in April, the bond markets had no time for news of anything but the dollar. The markets ignored the steady erosion of oil prices, which had crude oil for October delivery trading at only $18.90 a barrel by Friday. And they saw ill in two sets of economic statistics which were published on Friday and in any other currency environment would have been wildly bullish.



The bond markets, which have been worrying inordinately about inflation, should have cheered the Labor Department's announcement of a tiny 0.2 per cent increase in consumer prices in July. The forecast was for an increase of 0.4 per cent, as in June. The weak increases in prices for food and energy should mean that prices, which increased at an annual rate of 5.5 per cent in the first half of the year, will be going up at "under 5 per cent in the second half," said Mr Bill Griggs of Griggs & Santow.

"But the market is not always a good judge of inflation," he said on Friday. Inflation even under 5 per cent "is too much for a market that came into this year thinking there was no inflation problem." The other figures released on Friday, this time by the Commerce Department, were a downward revision of its estimate for the growth in the economy in the second quarter.

According to the new figures, gross national product grew *only 2.3 per cent in the June* quarter, as opposed to last month's estimate of 2.6 per cent. In other circumstances, the bond markets might have been satisfied that the economy grew too sedately in the second quarter to have generated much price momentum. But the figures caught everybody on a raw nerve. The department's adjustment had to do chiefly with a $5.5bn cut in the estimate for net exports, which brought traders and economists back to their original preoccupation: the $15.71bn trade deficit in June.

The deterioration in the trade picture was a matter of about $1.7bn. The markets had expected an improvement in June but would have settled for no change, just so long as they could continue to hope that the devaluation of the dollar was pricing US goods into export markets. "It was not the numbers as such that trouble the market," said Mr Griggs. "It's that the turnround is not coming."

The next piece of evidence on the US trading performance is not until mid-September. Long before that, the markets have to go through this week, which begins with great uncertainty. Dealers in the foreign exchanges are openly speculating about an assault on the Y140 and DM 1.80 levels. For better or worse, these levels are considered the thresholds of pain for central bank intervention under the informal agreement between the seven major industrial nations known as G7.

The staetment on Friday by Mr Yiichi Miyazawa, the Japanese Finance Minister, that there were "advantages and disadvantages" in intervention is undoubtedly true. But it was taken last Friday as a hint that there is no immediate danger of Japanese central bank intervention. Indeed, the foreign exchanges seemed to be itching for a similarly bland remark from an official of the US Administration to sell the dollar into uncharted territory.

* * *

The economic statistics due for release this week are of only secondary interest to the credit markets. The following consensus forecasts were compiled from economists on Friday by Money Market Services of Redwood City, California.

- Personal income and consumption in July, due at 10 am on Monday. Personal income is estimated to have increased by 0.5 per cent in July, with forecasts ranging from 0.3 per cent to 0.8 per cent. Consumption is expected to have grown marginally faster, at 0.6 per cent, with a range of 0.3 per cent to 0.9 per cent.
- Durable goods orders in July, due at 8.30 am on Tuesday. The estimate is for no change in the volume of orders from June.

James Buchan

Chicago link's first move

THE CHICAGO Board of Trade and Chicago Board Options Exchange are to launch a new stock index futures contract by the end of the year as their first joint venture product. The move follows the announcement of a joint venture between the two exchanges in May.

Both exchanges have been wary of releasing details on the make-up of the new index, the CBOE 250, apart from noting that its 250 stocks are all included in other major indices in the currently overcrowded US stock index marketplace.

The main benefits of the new contract, which will be traded on the CBOE floor, will be to provide a hedging vehicle for traders of the CBOE's popular Standard and Poor's 100 index option, a CBOT official said.

Deborah Hargreaves

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.70	6.69	6.50	11.34	5.71
Three-month Treasury bills	6.05	5.97	5.56	6.10	5.01
Six-month Treasury bills	6.23	6.04	5.61	6.29	5.06
Three-month prime CDs	6.70	6.70	6.67	7.25	5.46
30-day Commercial Paper	6.53	6.59	6.45	7.70	5.55
90-day Commercial Paper	6.65	6.63	6.63	7.55	5.65

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wks ago
Seven-year Treasury	97	−⅞	8.58	8.39	8.18
20-year Treasury	102⅛	−2⅛	9.07	8.90	8.68
30-year Treasury	99	−2⅞	8.97	8.75	8.54
New 10-year "A" Financial	n/a	n/a	9.55	9.63	9.25
New "AA" Long utility	n/a	n/a	9.95	10.00	9.65
New "A" Long industrial	n/a	n/a	10.05	10.01	9.58

Source: Salomon Bros (estimates).

Money Supply: In the week ended August 10 M1 rose by $1bn to $749.2bn

NRI TOKYO BOND INDEX

December 1983 = 100	20/8/87	Average yield (%)	Last week	12 wks ago	20 wks ago
	PERFORMANCE INDEX				
Overall	135.42	4.99	134.94	141.26	135.08
Government Bonds	136.47	4.54	135.56	144.09	135.96
Municipal Bonds	134.93	5.68	135.30	140.31	135.22
Government-guaranteed Bonds	135.65	5.76	135.76	141.16	136.18
Bank Debentures	131.62	4.77	131.35	135.12	131.18
Corporate Bonds	135.17	5.75	135.04	139.97	134.28
Yen-denominated Foreign Bonds	138.27	6.38	138.11	139.32	135.49
Government 10-year†	5.47	—	5.70	4.02	5.22

† Estimated par yield.

Source: Nomura Research Institute.

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN Bank 8½ 91	150	98⅞	−⅛	8.86
Aetna Life & Cas 7⅛ 16	200	93⅛	−⅜	8.30
AHFC O/S Fin 11¼ 94	100	99½	−¼	11.83
AIDC 11 89	75	102¼	−⅛	8.79
Alcoa Australia 11 92	80	103	−⅜	10.17
American Exps 12⅞ 88	250	104½	+⅛	8.29
Asian Dev Bk 11¼ 93	100	108¼	−1	9.88
Australia 11¼ 90	100	105⅛	−⅛	9.29
Australia 11¼ 00	100	106⅞	−1	10.24
Austria Zero 95	100	47⅛	−⅛	9.98
Bk of Montreal 16¼ 91	150	103⅛	−⅛	15.12
Bank of Tokyo 8⅜ 96	100	92¼	−⅝	9.72
Bank of Tokyo 11 90	125	104⅞	−⅜	8.76
Bank of Tokyo 11⅞ 90	100	108½	−⅛	8.76
Bank of Tokyo 13⅞ 89	100	109⅝	+¼	8.61
Barclays Jersey 10⅛ 90	250	103¼	−⅞	8.82
Barclays Jersey 10⅝ 95	250	103¼	−⅞	9.91
Belgium 7½ 91	250	94¼	−¼	9.06
Belgium 7¾ 91	300	96⅛	−⅝	9.02
Betawest Prop 7¾ 93	150	92⅞	−⅜	9.38
BFCE 7¼ 93	100	91⅛	−⅝	9.30
Bk Nova Scotia 7⅞ 91 SW	150	96⅛	0	9.08
BNP 8¼ 93	125	96¼	−⅜	9.62
BNP 13½ 89	150	109	+⅛	8.66
BP Capital 9⅝ 93	150	101⅛	−¼	9.34
BP Capital 11⅛ 92	150	105⅝	−¼	9.47
Br Col Hydro 10¼ 88	200	101⅛	0	8.03
Br Col Hydro 11¼ 93	200	110⅝	−¼	9.37
Campbell Soup 10½ 95	100	105½	−⅝	9.48
Canada 10⅞ 89	500	102⅞	0	8.17
Canada 11½ 90	500	106¼	−¼	8.46
Canada Imp Bk 16¾ 91	100	109¾	−⅛	13.50
Can Natnl Rail 14⅝ 91	100	108⅝	−⅛	11.99
Canadian Pacific 7½ 96	100	88⅞	−½	9.42
Canadian Pacific 10¼ 93	100	104⅛	−¼	9.78
Can Pacific Secs 15 89	75	110	−¼	9.22
Canadian Wheat 11¼ 90	50	101⅛	0	10.70
CCCE 7¼ 91	113	93⅝	−½	8.99
Centrust S & L 0 10	1.2bn	9⅝	0	10.91
Chevron USA 12¼ 89	600	100¼	−⅛	11.77
Citicorp 11¼ 92	100	103	0	10.82
Colgate-Palmolive 9½ 96	100	97⅛	−⅞	9.89
Com Bk Australia 10 93	100	102½	−⅞	9.43
Com Bk Australia 12⅛ 89	100	107¼	−⅝	8.55
Continental Grp 11½ 93	75	99⅞	−⅛	11.64
Crocker National 10½ 88	75	100⅝	0	9.28
Dart Kraft A 10¼ 96 SW	100	101	−¾	10.04
Denmark 0 98	250	33⅞	0	10.37
Denmark 7 88	1.6bn	98⅝	+¼	8.37
Denmark 10⅞ 90	100	101¼	0	10.25
Denmark 11½ 92	100	108¾	−½	9.24
Denmark 13 92 XW	100	100⅞	−⅛	12.67
Denmark 13¼ 91	100	113¼	−¼	9.21
Deutsche Bk Fin 13½ 89	200	108⅝	−¼	8.69
DKB Asia 8⅛ 91	100	96¼	−½	9.13
Dutch St Mines 11⅞ 91	150	102⅞	0	10.52
ECSC 7 89	75	97⅞	−⅛	8.10
ECSC 8¼ 96	193	91⅞	−¼	9.59
EEC 9⅝ 90	350	102⅝	−¼	8.55
EIB 7¾ 93	150	93⅛	−½	9.25
EIB 7¾ 96	250	89⅞	−⅜	9.50
EIB 8½ 88	100	99¼	0	9.00
EIB 8¾ 93	100	99⅛	0	8.95
EIB 9⅛ 93	100	99½	−⅛	9.22
EIB 10¼ 94	200	104¼	−⅜	9.41
EIB 11 91	125	106⅞	−¼	8.62
EIB 11⅝ 91	73	106⅝	−½	9.31
Ekportfinans 0 94	360	50⅝	0	10.01
Elec de France 10⅝ 95 A	100	103¼	−⅛	9.77
Elec de Fr 14⅞ 89 XW	200	109½	+⅛	8.16
Eli Lilly 10¼ 90	150	105½	−½	8.85
Emerson Elec 9⅝ 95 SW	100	100⅝	−⅜	9.49
Engelhard Corpn 11¼ 92	100	104¼	−¼	10.37
Equitable Life 10⅛ 92	100	103½	−¼	9.20
Eurofima 9¼ 96	100	98¼	−⅝	9.54
Eurofima 12½ 89	75	107	0	8.76
Export Devel 10 90	100	103½	−⅜	8.54
Export Devel 10¼ 88	100	101	+⅛	7.83
Export Devel 11⅛ 89	150	103⅞	−⅛	8.15
Export Devel 12 89	100	106⅞	−⅛	8.37
Exxon Fin 10½ 89	200	100¼	−¼	10.62
Farm Credit Crpn 7½ 93	100	92⅝	−⅛	9.13
Finland 12¼ 94	75	114⅝	−0⅛	9.35
Ford Motor 10½ 93	150	104	−0½	9.59
Forsmarks 8¼ 91	100	99⅛	−0¾	9.84
Fuji Bk & Tst 7⅝ 91	100	94¼	−0¼	9.15
Fuji Intl 10⅞ 90	100	104⅞	−0⅛	8.75
Gaz de France 12¼ 93	175	111⅞	−0⅛	9.43
Gen Elec Cred 9¾ 91	100	101⅝	−0¼	9.21
Gen Elec Cred 10⅛ 90	200	102⅝	−0¼	9.09
Gen Elec Cred 12 94	200	107⅝	−0⅞	10.42
Getty Oil 14 89	125	99⅛	+0⅛	14.28
GMAC 10 88	200	100¼	−0⅛	8.18
GMAC 10 92	250	102½	−0¼	9.34
Gram Finance 13⅝ 89	100	104¼	−0⅛	10.89
Gulf Canada 14⅜ 92	100	109¼	−0⅛	11.97
GZB 14 91	100	113⅞	−0⅝	9.65
Hiram Walker 16 89	75	109	−0⅛	9.27
Holl Air Fin 12⅝ 91	100	102⅞	0	11.22
IBM 9⅝ 88	200	100½	0	8.34
IBM Credit 10¼ 89	300	101¼	0	8.96
IBM Wrld Trade 12¼ 92	200	107⅞	−0¼	10.19
IC Industries 12 90	75	104⅝	+0⅛	9.91
Inco 9 92	100	97⅛	+0⅛	9.71
Ind Bk Japan 10¼ 92	100	103¼	−0⅝	9.76
Ind Bk Japan Fin 8 93	150	93½	−0⅝	9.49
Int-Amer Dev 12¾ 91	150	112½	−0⅛	9.03
Int Paper 12 91	75	102⅛	−0⅛	11.19
ITT Antilles 11½ 92	100	105¼	−0⅛	10.12
Italy 8¼ 91	200	99½	−0⅛	8.88
Italy 9¼ 96	150	97¼	−0⅞	9.51
ITT Credit Corp 10½ 90	75	102⅝	−0⅛	9.48
Japan Air Lines 8¼ 96	150	90⅞	0	9.71
Japan Dev Bk 10 92	100	101	−0¼	9.73
Kellogg Co 10⅞ 90	100	102¼	−0¼	9.48
Liberty Mutual 8½ 96	150	92⅞	−0⅝	9.73
Lockheed Corpn 7¾ 89	150	97⅝	−0⅛	8.58
Long Term Cred 11 90	100	104⅞	−0⅛	8.76
Long Term Cred 11 90	100	104⅞	−0⅛	8.76
Long Term Cred 11⅞ 89	100	104⅝	0	8.63
Manitoba 7½ 96	150	87⅞	−0½	9.69
Manitoba 8¼ 91	125	100¼	−0¼	8.64
Manitoba 13¾ 89	100	109¼	−0¼	8.47
Marks & Spencer 8¼ 96	150	92⅝	−0⅛	9.51
Marubeni 11¼ 91	100	105⅜	−0⅛	9.77
Mercedes Credit 7¼ 93	100	92¼	−0½	8.89
Mercedes Credit 7½ 93	100	94⅛	−0⅛	8.80
Merrill Lynch 8 93	200	92⅞	−0⅛	9.72
Merrill Lynch 9 89	200	100¼	−0⅛	8.66
Metlife Funding 7⅞ 96	150	88⅝	−0⅞	9.72
Mitsubishi Co 10½ 92	100	102½	−0⅝	9.76
Mitsubishi Est 10⅞ 92	50	102	−0⅛	9.84
Mitsubishi Fin HK 11⅞ 90	100	106⅞	−0⅝	8.74
Mitsubishi Fin HK 12⅝ 91	100	109½	0	9.74
Mitsui Tst Fin 12 91	100	106⅛	0	9.57
Mobil Corp 10⅞ 90	200	102¼	−0½	9.25
Morgan Gty Tst 12⅞ 89	150	107⅝	−0¼	8.44
Morgan J P 11¼ 92	100	105	−0⅛	9.81
Motorola 12 94	75	108⅛	−0⅛	10.33
Mount Isa Fin 11 95	100	103⅛	−0¼	10.34
Nat West Fin 11⅜ 92	150	110⅞	−0⅞	9.15
Ned Gasunie 11¼ 90	75	105⅞	−0⅝	9.02
New Zealand 7¼ 89	300	97⅛	−0⅛	8.46
New Zealand 7½ 91	200	94⅞	−0½	9.06
New Zealand 7⅝ 91	250	94¼	−0⅛	9.16
New Zealand 8 93	100	93⅝	−0⅛	9.46
New Zealand 8¼ 93	150	95	−0⅛	9.43
New Zealand 10¼ 95	200	101¼	−0⅝	9.91
Nippon Cred Bk 13⅞ 89	100	108¼	0	8.64
Nippon Tel & Tel 7½ 94	150	91⅛	−0⅜	9.38
Nissho Iwai 10⅛ 92	100	103⅛	−0⅛	9.77
Nova Scotia 11⅜ 91	100	101⅞	+0⅛	11.06
NSW Treasury 11¼ 90	150	106½	−0⅞	8.89
Olympia & York 8¼ 96	495	90⅝	−0⅝	9.88
Ontario Hydro 10⅝ 90	250	103¼	−0⅛	8.60
Ontario Hydro 11¼ 89	200	105¼	−0¼	8.42
Ontario Hydro 11⅝ 94	200	110⅞	0	9.29
Ontario Hydro 11¼ 90	200	108⅛	−0½	8.46
Ontario Hydro 13½ 91	100	113⅞	−0¼	8.86
Ontario Hydro 14¾ 89	150	109⅝	−0⅛	8.33
Ontario Hydro 15 92	150	122⅝	+0¼	9.07
Pacific Gas & El 12 00	75	109	−0⅞	10.64
Penney J C 11⅞ 90	100	—	—	—
Penney J C 12¼ 91	100	107⅛	−0¼	10.51
Pepsico Capital 8⅞ 91	100	99¼	−0⅛	9.42
Petro-Canada 7¼ 96	200	86⅛	−0⅛	9.62
Philip Morris 9⅞ 98	200	100⅛	−0⅞	9.81
Postipankki 11⅛ 90	75	104⅝	0	8.98
Procter & Gam 10 95	150	103⅛	−0½	9.37
Pru Rlty Secs 0 99	365	32½	−0⅛	10.25
Qantas Airways 8⅞ 96	97	93¼	−0⅞	9.80
Quebec Prov 13 90	150	109⅝	−0⅛	9.44
Queensld Gvt 11⅝ 89	100	105½	−0⅝	8.60
Ralston Purina 11¼ 95	150	107½	−0¼	10.27
Reynolds R. J. 10¼ 93	100	103½	−0½	9.46
Richardson-Vicks 11½ 93	125	106⅛	0	9.99
Rockwell Int 9⅞ 90	200	102⅞	−0¼	8.72
Saskatchewan 7 91	125	95⅛	−0¼	8.88
Saskatchewan 8½ 91	150	100	−0¼	8.48
Saskatchewan 11⅞ 89	150	106⅛	−0¼	8.58
Saskatchewan 15 92	150	122⅛	+0¼	9.16
SAS 10⅛ 93	150	102⅞	−0⅝	9.95
Scot Intl Fin 10⅞ 90	50	103½	−0⅛	9.18
Sears O/S Fin 0 98	300	34	−0⅛	10.42
Sears O/S Fin 11⅝ 93	150	108⅞	−0⅞	9.64
Sears Roebuck 10⅛ 91	150	102⅛	0	9.73
Sec Pacific 10½ 88	100	101⅛	−0¼	8.89
Shell (Canada) 14⅝ 92	125	109¼	−0¼	11.68
Shell Oil 9⅞ 90	250	102⅛	0	8.62
Standard Oil 10⅛ 89	150	108⅛	−0¼	10.05
St Bk Sth Aust 9¼ 93	100	98⅞	−1	9.49
State Elec Vict 10 92	100	102⅞	−0⅜	9.38
Sth Aus Gov Fin 9⅞ 93	100	97	−0⅛	9.43
Sumitomo Fin 11¼ 92	150	108⅞	−0⅞	9.25
Sweden 7 92	250	93⅛	−0½	8.98
Sweden 8¼ 94	150	94⅛	−0⅛	9.21
Sweden 10¼ 92	200	104⅞	−0⅝	9.01
Swedish Export 8⅞ 91	200	99½	−0⅝	8.76
Swedish Export 11⅛ 89	150	104⅛	−0⅛	8.27
Taiyo Kobe 11⅞ 90	100	106	−0⅞	9.18
Taiyo Kobe 12 90	100	106	−0⅛	9.38
Tenneco Corp 11⅝ 89	150	102⅞	0	9.58
Tenneco Corp 10⅝ 95	150	102¼	−0¼	10.39
Texas Inst 11⅞ 91	150	103⅝	+0⅛	10.54
Tokai Asia 11⅞ 95	100	108¼	−0¼	9.83
Tokyo Metro 8⅛ 91	200	93⅛	−0¼	9.66
UBS 12¼ 91	100	104	−0⅛	10.87
Unilever Cap Cp 9⅞ 92	100	103¼	−0⅝	9.87
Vict PBC Auth 8⅞ 96	100	91⅛	−0⅛	9.82
Warner-Lambert 8⅞ 96	100	93¼	−0⅛	9.56
Wells Fargo 13⅞ 91	100	111¼	−0½	9.74
Weyerhaeuser 11½ 90	60	101⅛	+0⅛	10.93
World Bank 7 92	300	93⅛	−0⅛	8.85
World Bank 11¼ 90	200	107⅛	−0⅛	8.53
World Bank 11⅝ 89	200	104⅞	−0⅜	8.14
World Bank 11½ 90	200	107½	−0⅝	8.49

FLOATING RATE NOTES	Issued	Bid price	Chg on week	C.cpn
Alaska Housing 1/10 01	125	99⅝	+⅛	7⅛
Alberta Province 1/16 93	500	100⅛	−⅛	7⅛
Alliance & Leics 0.08 94 £	300	98⅞	+⅛	9⅞
Allied Irish ⅛ 95	100	99⅝	0	7⅛
Amer S & L 0.15 96	200	99¼	0	6½
Banco di Sicilia ¼ 92	100	99⅞	−⅛	7⅛
Bank of Boston ⅛ 2000	200	98¼	0	6⅞
Bk of Montreal ⅛ 96	250	99⅛	+⅛	7¼
Bankers Tr NY ⅛ 94	200	100	+⅛	7⅛
Bnq Indosuez ⅛ 91 XW £	85	100	−⅛	8⅞
Barclays O/S Inv ⅛ 04	350	98½	0	6½
BBL Intl 93	100	99¼	0	7⅛
Belgium ⅛ 94 £	100	100	−⅛	9⅞
Belgium 1/16 97 DM	500	100⅛	0	4¼
Belgium 00	400	99⅞	0	7⅛
Belgium 1/16 04	400	100	0	7⅛
Belgium 05	400	99⅞	0	7⅛
Bilbao Intl 0.035 01	150	98⅝	−⅛	7⅛
BNP 05	300	99⅝	0	6½
CCCE ⅛ 98	50	99⅝	0	7⅛
CCF 97	250	99⅝	−⅛	7⅛
Central Intl 1/10 00	150	99⅝	0	7⅛
Centrust 0.15 96	150	100	+⅛	7⅛
CEPME ⅛ 96 £	100	100	0	9⅞
Chase Manhattan ⅛ 93	150	98⅞	0	7⅛
Chase Manhattan ⅛ 09	400	97⅞	+⅛	7⅛
Chemical NY 1/16 97	250	98¼	+⅛	7⅛
Citicorp O/S ⅛ 94	250	99⅜	0	7⅛
Citizens Fed 0.15 96	100	99⅞	+⅛	6¾
Commerzbank ⅛ 89	150	100⅛	0	7⅛
Council of Europe 93	50	99⅝	0	7⅛
Cred du Nord 1/16 97	100	99⅝	0	7⅛
Cred for Exports ⅛ 92	150	99⅝	0	7⅛
Credit Foncier 97	250	100	0	7⅛
Credit Foncier ⅛ 00 £	100	100	−⅛	9⅞
Credit Lyonnais ⅛ 99	250	99⅝	0	7⅛
Credit National ⅛ 95 Ecu	175	99⅝	0	6⅜
Creditanstalt 1/16 96	250	99⅝	−⅛	6⅞
Eldorado Nuke 89	100	99⅞	0	5⅞
ENEL ⅛ 93 £	100	100⅛	+⅛	9⅞
ENEL ⅛ 00	300	100⅛	+⅛	6⅞
Ferro Del Stat 1/10 95 £	100	99⅞	0	9⅞
Ferro Del Stat 97	420	100	0	6⅜
Finnpap ⅛ 95	100	99⅝	+⅛	7⅛
First Bank System ⅛ 97	100	96⅛	−⅛	7⅛
First Chicago 1/16 96	125	99⅝	0	7⅛
Ford Motor Cr ⅛ 91	200	100⅛	0	7⅛
Genfinance ⅛ 94	100	99⅞	0	7⅛
Grindlays ⅛ 94	100	99	0	7⅛
GW O/S Fin ⅛ 94	100	99⅝	+⅛	6⅞
Halifax BS 2/25 96 (A) £	150	98⅞	0	8⅞
Halifax BS 2/25 96 (B) £	150	98¼	−⅛	9½
Hessische Landesbk 96	100	99⅝	0	6⅞
Iceland ⅛ 00	125	99⅛	+0⅛	7⅛
Ireland ⅛ 96 £	100	99½	0	8⅞
Ireland ⅛ 97	300	100	0	5⅞
Iselmer ⅛ 90	175	100	0	7⅛
Italy 1/16 05	500	100	0	6⅞
KB Ilma 0.15 11	150	95⅞	+0⅛	7⅛
Korea Exchange Bk ⅛ 00	100	100⅛	0	7⅛
Lincoln S & L ⅛ 99	100	99⅞	−0⅛	7⅛
Linfin Corpn ⅛ 01	100	99⅝	0	7⅛
Malaysia ⅛ 92	250	99⅞	0	7⅛
Malaysia 1/16 05	650	93¼	+0⅛	6⅞
Marine Midland 1/16 09	150	96	−0⅛	7⅛
Mellon Bank ⅛ 96	250	95½	−0⅛	7⅛
Midland Intl ⅛ 92	300	99⅞	0	7⅛
Milk Marketing 1/16 93 £	75	99½	0	9⅞
Mitsui Fin ⅛ 96	100	100	0	6⅞
Morgan J P ⅛ 97	250	99⅞	0	7⅛
Morgan Stanley ⅛ 93	200	99⅝	0	7⅛
Nat Bank Canada 96	200	98⅛	−0⅛	7⅛
Nat Bank Canada ⅛ 98	150	97⅞	−0¼	6⅞
Nat West 1/16 05	400	98⅛	0	7⅛
Nat West Fin ⅛ 92	100	99⅝	0	7⅛
Nationwide 1/10 96 £	100	99⅞	0	9⅞
Natl Com ⅛ 94	200	99⅝	0	7⅛
New Zealand 2001	350	99⅝	0	6⅞
New Zealand 99	300	99⅛	0	7⅛
Northeast Sav 1/10 96	150	99⅝	0	7⅛
ONGC 1/16 96	150	99⅝	0	6⅜
Oster Landbk ⅛ 99	100	99⅞	0	6⅞
PNC Fin 1/16 97	100	97⅞	+0⅛	7⅛
Quebec Hydro 2002	200	98⅞	−0⅛	6⅞
Queensld Coal 1/20 96	300	99⅝	0	6⅞
Regie Olympiques 94	250	99½	0	6⅜
Santa Barbara S&L ⅛ 95	250	[illegible]	0	7⅛
Santa Barbara S&L 1/16 96	200	99½	+0⅛	7⅛
Scot Intl Fin ⅛ 92	100	99⅞	0	7⅛
Security Pacif 1/16 97	250	98⅝	−0⅛	7⅛
SNCB ⅛ 91	75	100⅛	0	7⅛
Societe Generale ⅛ 94	200	100	−0⅛	7⅛
Sweden 1/16 00	750	100⅛	0	6⅞
Sweden ⅛ 2005	500	100	+0⅛	6⅞
Taiyo ⅛ 04	100	100⅛	0	7⅛
Takugin ⅛ 97	150	99	+0⅛	6⅞
United Kingdom ⅛ 96	4bn	99⅝	0	6⅞
Vereinswest 0% Fin 91	100	99⅞	0	7⅛
Warburg S. G. ¼ 2006	200	97	0	7⅛
Wells Fargo 0.225 92	150	99½	0	6⅞
Wells Fargo ⅛ 97	250	99¼	+0⅛	7⅛
Wells Fargo 1/16 94	150	99⅝	0	7⅛
Woodside Fin (Feb) 97	300	99⅝	−0⅛	7⅛
Woodside Fin (July) 97	300	99⅝	0	7⅛
Woolwich Eqit ⅛ 95 £	200	99⅝	0	10⅛
Zentral Und Kom ⅛ 91	30	99⅝	0	7⅛

CONVERTIBLE BONDS	Issued	Bid price	Chg on week	Prem
American Barkers 5⅞ 01	70	94⅛	−⅛	45.03
BET 6⅞ 01 £	65	119⅛	−3⅞	−3.10
Canon 3 00	180	145⅝	−3⅝	1.07
Citizen Watch 3 00	50	155½	0	−7.71
Eastman Kodak 6⅝ 01	300	131⅝	+¼	−1.84
Elders UK 5 97	75	129⅛	+6⅞	−9.93
Fanuc 3⅛ 98	80	276¼	−14¼	8.27
Fujitsu 3 99	180	177⅝	−4⅝	−1.59
Gibraltar Savings 7½ 06	70	90⅝	0	20.93
ITT 4⅞ 87	50	109⅝	−3⅛	−5.01
IU Intl Corpn 6⅞ 2002	75	105⅝	−⅛	−15.87
Lorimar-Telepics 6 01	100	85	−½	87.40
Newmont Mining 7 01	100	159⅛	+½	−1.86
Nippon Seiko 3⅞ 99	70	168⅛	−5⅞	−1.77
IBM 6⅞ 96	300	130¼	−1⅞	−1.47
Rockefeller Centre 0 00	952	25⅛	−⅛	−71.14
Southwest Air 6¼ 98	35	85⅞	−⅜	56.28
Swiss Bank Corpn 6¼ 90	120	154⅝	+4⅝	−9.37
Texaco Capital 11¼ 93	520	107½	+½	24.64
Toshiba Ceramics 3 00	50	152½	+5½	5.36
Xerox Corpn 5 88	75	96⅛	−⅛	73.95

YEN STRAIGHTS	Issued	Bid price	Chg on week	Yield
Allied Signal 6⅞ 93	20	104⅛	+⅛	5.79
Avon Products 5⅞ 91	25	103⅛	+⅛	5.91
Barclays O/S 6 96	40	101⅛	+1⅛	5.83
BFCE 5⅞ 96	20	100	+1⅛	5.74
Canadian Pacific 6⅞ 96	10	104¼	+1⅛	6.09
Denmark 6⅞ 92	20	105⅛	−1	5.38
Dow Chemical 7 94	50	102⅝	+⅛	6.50
Eurofima 6½ 95	15	105⅛	+⅛	5.66
Eurofima 6⅞ 92	15	103⅝	+⅛	5.67
FNMA 6⅞ 92	50	106⅛	+1⅛	5.14
GMAC 6½ 90	25	103⅝	+⅛	4.85
Inter-Amer Dev 7⅞ 93	15	104⅛	+⅛	7.00
Intel 6⅞ 92	12.5	103⅝	+1	5.63
ITT 6⅞ 92	20	105⅛	−1½	5.43
McDonald Corp 6½ 92	25	104⅛	+⅛	5.20
New Zealand 7⅛ 90	15	106⅛	+⅛	4.97
New Zealand 7⅛ 89	15	105⅛	+⅛	4.87
Penney J C 6⅞ 92	25	105⅛	+1⅛	5.33
Philip Morris 6⅞ 91	25	104	+1⅛	5.20
Sallie Mae 6⅞ 92	25	105⅞	+1⅛	5.14
TRW 7 94	15	103⅛	+⅛	6.34
World Bank 7⅞ 93	20	111⅛	+1⅛	5.43
World Bank 8 93	20	113	+⅛	5.22

LUXFR STRAIGHTS	Issued	Bid price	Chg on week	Yield
Copenhagen Tel 8¼ 89	500	100	0	8.22
EIB 10⅛ 94	1bn	107⅛	0	8.92
Eurofima 10 94	600	104⅛	0	9.06
Eur Coal Stl 10⅛ 94	100	102⅛	0	9.98
Renault Acc 7¼ 88	530	100	0	7.72

GUILDER STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN 7⅛ 89	150	103¼	0	5.64
ABN 8 89	200	102⅛	−⅛	6.13
Amro Bank 7⅛ 89	150	102⅛	0	6.08
Amro Bank 8 89	200	103	0	5.90
Beatrice Foods 8¼ 89	100	103⅛	0	7.79
Bk Mees & Hope 8¼ 89	100	102⅛	0	6.26
CC Rabo 8 89	150	103⅛	0	5.76
Denmark 8½ 91	100	107¼	0	6.25
Int Stand Elec 6½ 89	100	103	0	6.27
Ost Kontrollbank 7 90	100	101⅛	0	5.35

CANADIAN DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
AIDC 10 91	100	100	−⅛	9.96
Aust Res 11⅞ 90	50	101⅛	−⅛	11.17
Bk Montrl Realty 9½ 96	100	95⅛	−1	10.27
Banque Indosuez 14 91	75	[illegible]	−1⅛	11.28
Br Col Munic 12⅞ 91	100	107	−⅛	10.11
Br Col Munic 13⅛ 91	100	108⅛	−⅛	10.60
Denmark 11⅞ 91	100	102⅞	−⅛	10.72
Farm Cred Corp 12⅞ 90	75	104⅛	−⅛	13.60
Kellogg Salada Can 9 92	50	97⅛	−⅛	9.79
Laval City 10⅞ 96	40	93	−⅛	11.09
Montreal City 12¼ 91	50	106⅛	−⅛	10.35
New Brunswick 12 95	75	104⅝	−1⅛	10.99
Nova Scotia 11⅞ 95	100	101⅞	−⅛	11.20
Royal Trustco 10⅞ 90	75	99⅞	−⅛	10.40

ECU STRAIGHTS	Issued	Bid price	Chg on week	Yield
Aegon NV 7⅛ 95	101	93⅛	+0⅛	8.40
All Nippon Air 9 95	135	101⅛	+⅛	8.66
Australia & NZ 10⅛ 91	50	104⅛	−0⅛	9.19
BFCE 8⅞ 93	150	100⅛	+0⅛	8.51
BFCE 9⅞ 92	100	106⅛	+0⅛	8.03
BNP 8⅞ 95	75	101⅞	+0⅛	8.55
Caisse Nat Tele 9⅛ 92	75	106⅛	+1	8.01
Chrysler Fin 9 92	75	104⅛	0	8.92
Colgate-Palmolive 8 91	75	101⅛	+0⅛	7.59
Cred Lyonnais 5⅞ 92	175	94⅛	+0⅛	7.68
Creditanstalt 8⅛ 94	67	101	−0⅛	8.68
Denmark 7⅞ 96	250	93⅞	+1	8.64
EEC 11⅛ 91	50	106¼	+0⅛	9.04
EIB 10⅛ 94	130	108⅛	+0⅛	8.41
Elec de France 7⅞ 98	100	90⅛	+0⅛	8.53
Euratom 7⅞ 96	100	94	+0⅛	8.35
Ford Cred Canada 8⅞ 93	45	102⅛	−0⅛	8.37
Gillette Co 7½ 93	55	93⅞	+0⅛	8.89
IBM World Trade 8⅞ 90	150	102⅛	−0⅛	7.44
Int-Amer Dev 10 93	100	106⅛	+0⅛	8.40
Italy 9⅞ 89	200	102⅛	0	7.66
Moet-Hennessy 9 91	50	103⅛	+0⅛	7.86
Morgan Gty Tst 8½ 90	100	101⅛	+0⅛	7.82
Motorola 8⅞ 92	100	105⅛	+0⅛	7.73
New Zealand 9½ 92	100	103⅞	+0⅛	8.50
Nissan Motor 7⅞ 96	100	91⅛	−0⅛	8.96
Paribas Finance 8⅞ 89	50	100⅛	+0⅛	8.41
Philip Morris 7⅞ 89	75	99⅞	−0⅛	7.55
Rabobank 7½ 96	75	95⅛	+0⅛	8.30
Reynolds R. J. 8⅞ 91	125	103⅛	+0⅛	7.68
Sec Pacific Aust 8⅞ 90	100	101⅛	0	8.05
Sumitomo Fin 9 93	75	102⅛	+0⅛	8.52
Victoria Finance 8⅞ 90	75	102½	+0⅛	8.09
Walt Disney 9⅛ 95	30	101⅛	+0⅛	8.88

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
BMW Fin A 13⅞ 96 SW	75	103	0	13.10
Deutsche Bk Fin 12½ 91	75	102⅛	+0⅛	11.65
Nat Aust Bk 12⅞ 89	50	97⅛	0	14.61
Westpac Bkg 12⅞ 90	50	95⅛	+0⅛	14.19

STERLING STRAIGHTS	Issued	Bid price	Chg on week	Yield
Britsh Oxygen 11⅛ 91	50	100¼	−2	11.45
Denmark 10⅞ 89	75	100	−0⅛	10.68
EEC 11⅞ 94	50	101⅛	−1⅛	11.00
Emhart 11 92	35	102⅛	+0⅛	10.62
Halifax BS 9⅞ 93	100	93⅛	−0⅛	10.94
Ind B Japan 11⅞ 95	30	101	−1⅛	11.40
Int Stand Elec 11⅛ 89	50	100	−1	11.01
Inter Amer Dev 11⅞ 95	50	101⅛	−1⅛	10.98
Ireland 11⅞ 94	50	100⅛	−1⅛	11.24
Kredietbank 10⅞ 92	50	99⅛	−1⅛	11.09
Land Securities 9⅞ 07	200	83⅛	−2⅛	11.71
Leeds Permanent 9⅞ 93	50	92⅛	−1⅛	11.10
Mitsub F (HK) 11 90	50	100⅛	−0⅛	10.77
World Bank 10⅞ 89	100	100⅛	−0⅛	10.83
World Bank 11⅛ 88	100	100⅛	−0⅛	10.75
World Bank 11⅛ 95	100	102⅛	−1⅛	10.66

EQUITY WARRANTS	Expiry date	Bid price	Chg on week	Prem
Casio Computer	6/3/89	45½	−10¼	9.21
Dowa Mining	20/7/90	20½	−1⅞	42.28
Fujita Corpn	9/9/91	25⅛	+3⅛	33.09
Fujitsu	31/1/91	44⅛	−20⅞	6.78
Gunze	7/5/92	23⅛	−3⅛	16.29
Minebea	22/5/91	20⅛	−9⅛	−8.41
Renown Inc	24/1/89	41⅛	+2	7.37
Sekisui House	28/10/91	84⅛	+6⅛	0.44
Sonoike Mfg	12/9/91	45⅛	−1	14.68
Sony Corpn	26/4/90	49	−3⅛	13.47
Sumitomo Corpn	24/1/91	67	+2⅛	8.94
Toray Industries	10/12/90	86½	+16⅛	6.93
UNY	17/6/91	18⅛	−0⅛	41.47

BOND WARRANTS	Expiry date	Bid price	Chg on week	Yield
Aegon Ins 11⅛ 91	15/2/88	56⅛	−3⅛	9.36
Citicorp 8 96	1/10/88	5⅛	0	7.91
Den Norske Crd 8⅞ 96	8/6/89	8⅛	0	8.11
Denmark 12⅛ 92	31/1/90	100	−13⅛	9.81
Finnish Exp Cr 12⅛ 91	21/11/89	100	−12⅛	9.73
General Elec Crd 12 94	15/11/87	26⅛	−65	11.42
McDonalds 11⅞ 94	5/1/89	35	−13⅛	10.32
Mitsubishi Fin 12⅞ 91	8/11/89	101⅛	−13⅛	9.56
Morgan J P 11⅞ 90	14/8/87	0		
Nordic Inv Bank 7⅞ 96	30/10/91	8	0	7.74
Westpac Bankg 12⅞ 92	31/1/90	100	0	9.93
WeyerhaeuserG 11⅞ 90	15/11/87	26⅛	−7⅛	9.98

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=current coupon.
CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price. Closing prices on August 21.

Losses in Turkey and US hit MAN CV

By Kenneth Gooding, Motor Industry Correspondent

MAN COMMERCIAL Vehicles, West Germany's second-largest heavy truck producer, suffered extraordinary losses totalling DM 60m ($33m) in two overseas territories during the year ended June 30.

This prevented the company's total financial results reaching much more than break-even and MAN CV could not improve on the DM 5.66m net income for 1985-86, reported by Mr Wilfried Lochte, chairman of the executive board.

Detailed financial results will be given in November but it was already clear that the extra-ordinary write-offs for overseas operations were now behind the company, he said. There should be a "noticeable improvement" in the results for the current financial year.

The two major overseas problem areas were Turkey and the US. Mr Lochte said demand in the truck market in Turkey, where MAN CV has invested heavily in three plants, collapsed by half almost overnight.

In the US, where MAN CV has a bus assembly plant at Cleveland, North Carolina, the company won a $65m contract to supply more than 400 city buses to Chicago and began to prepare for production.

But the federal authority refused to authorise the essential financial support for the Chicago Transit Authority and the order was cancelled at the last moment.

At present the bus plant, which employs 300, is producing one bus a day compared with the capacity of four a day.

An order for 107 city buses from St Paul has just been placed and MAN CV has every expectation that this will receive the necessary federal approval.

Mr Lochte said that, although the financial results for 1986-87 were disappointing, the company had achieved its production and sales targets.

Truck production rose from 16,060 to 19,293 in the financial year, including 3,721 of the vehicles produced jointly with Volkswagen against 1,041 in the previous 12 months. Bus output fell from 2,618 to 1,953.

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Truck production in the current financial year would top 23,000, including about 5,000 of the VW-MAN vehicles, Mr Lochte predicted.

First-half setback for Atlas Copco

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ATLAS COPCO, the Swedish compressors and mining, construction and industrial equipment manufacturer, suffered a fall in profits after financial items in the first six months of the year to SKr 404m ($63m) from SKr 424m a year earlier.

The group repeated its previous forecast, however, that both profits and sales for the full year would be higher than in 1986, provided that it is not hit further by unfavourable exchange rate movements.

Profitability was reduced in the first half as gross margins came under pressure, partly as a result of the large purchases of components the group makes in countries such as West Germany and Belgium, whose currencies have been strong against the US dollar.

Group sales rose by 7 per cent to SKr 5.3bn from SKr 4.95bn including SKr 89m from Chicago Pneumatic (CP), the US compressed air tools maker, which was acquired by Atlas-Copco for $85.5m with effect from the beginning of June. CP had total sales last year of SKr 1.45bn.

New orders booked by the group rose by 3 per cent to SKr 5.7bn from SKr 5.59bn in the first half of 1986.

Atlas-Copco said that its sales had shown continued growth during the first half of the year with the strongest demand coming from Western Europe and in particular Italy, West Germany, the UK and France.

The already high level of sales to manufacturing industry increased further with the biggest increase in demand coming from the automotive industry, which has become one of the Swedish group's most important customers.

The level of orders booked from the mining industry remained unchanged, while sales to the building and construction sector improved in Western Europe.

Atlas Copco said that it expected the industrial market in the industrialised countries to remain favourable for the rest of the year, although demand from the construction and contracting sectors could be dragged down due to continuing low levels of activity in the developing countries.

Du Pont in $450m Brazil plan

BY ANN CHARTERS IN SAO PAULO

DU PONT do Brasil, a subsidiary of the US-based chemicals company, is to invest $450m in conjunction with Brazilian partners over a five-year period, beginning with a titanium dioxide plant.

Mr Carl de Martino, vice-president for Du Pont's international operations, said: "Brazil is highly strategic for Du Pont. We invest for the long term on the basis of fundamentals such as natural resources and the people."

The timing of the project was right in terms of world supply even though Brazil is going through economic difficulties and a political transition, he added.

The first project, awaiting government approval, is a joint venture with Constructora Andrade Gutierrez, a leading Brazilian construction company, to build a $200m titanium dioxide plant to produce white pigments used in clothing, paints and other products in the domestic market and for export.

The plant is to produce 60,000 tonnes at start-up in 1991 and contribute $600m in import substitutions and export earnings to the country's balance of payments over a five-year period.

With this project and others still under negotiation Du Pont expects to invest $250m of the total, with partners making up the remainder, in new products in agrichemicals and engineering plastics.

Du Pont do Brasil expects the export oriented projects to put the Brazilian domestic operations into the black. Sales in the first half of the year were $147m, up 30 per cent over the same period the previous year. Sales reached $260m in 1986.

The planned investment is more than double the $200m which the Brazilian subsidiary has invested since it began operations 50 years ago. The company has five factories in Brazil operating in textiles, electronic products, agrichemicals and mining in addition to joint ventures with Brazilian companies in paints and engineering plastics.

Strong advance at Chase Corp

BY CHRIS SHERWELL IN SYDNEY

CHASE CORPORATION, the rapidly expanding New Zealand property development and investment group, has reported after-tax profits for the 15 months ended June at A$110.6m (US$79m), a sharp increase on the A$54.95m reported for the year to March 1986.

Turnover rose even more sharply, from A$187m to A$1.16bn. Mr Colin Reynolds, executive chairman, said he was confident of a significant profit increase in 1987-88.

The figures do not include profits from the sale of Chase's shares in Hooker Corporation in 1985-86. Originally these were to be spread over three years, but this policy has been reversed to avoid a qualified audit report.

Last year's results have thus been restated to include the full A$20.3m profit from that sale. Without this, the latest figures would have shown a higher after-tax profit of A$119m.

A breakdown of the figures shows how Chase is diversifying geographically. Of its A$2.9bn in assets, 44.6 per cent are in New Zealand, 30.5 per cent in Australia and 22.5 per cent in Britain.

The group's principal interest in the UK is Chase Property Holdings, with assets of A$579m. The company was formed from Chase's interests in Wingate Property Investments and Property Holdings and Investment Trust (PHIT).

Of Chase's A$114m in pre-tax profits over the 15 months, property income contributed A$61m and investment and trading income A$53m.

Taxes and minorities brought the profits figure back to A$87.6m. Chase's A$23m equity-accounted share of retained profits from nine associated companies lifted the after-tax figure to A$110.6m.

Revaluations of the group's property investments amounted to A$92.2m. This wa stransferred to the property revaluation reserve and not brought through the profit and loss account.

Holding costs on its investments in associated companies were put at A$18m.

Portuguese bank proposes share offer

By Diana Smith in Lisbon

BANCO COMERCIAL Portugues, the first private commercial bank to appear in Portugal in 1985 after a decade during which banks nationalised during the revolution dominated the scene, has applied for permission to issue 150,000 shares on the Lisbon and Oporto stock markets.

Banco Comercial Portugues (BCP) is increasing its capital from Es 5.5bn ($49m) through the share issue, to raise financing for its ambitious expansion plans. It has 11 branches around the country, deposits of Es 47bn and plans to open six more branches by the end of the year.

From the outset BCP, which was initially backed by some 200 private shareholders — largely businessmen and financiers from the North — has gone for rapid growth of branches, deposits and customers. It is now estimated to have 20,000 customers.

Big investment in new branches in its first year kept profits at a modest Es 80m in 1986. But in the first half of 1987 BCP generated Es 8/0m in cash flow and a profit of Es 303m.

Of the share issue — the first by a new Portuguese commercial bank, although an investment bank Banco Portugues de Investimentos (BPI) went public in October 1986 — 40,000 shares are reserved for present shareholders and 7,500 shares for staff of the bank. The remainder will be available to the public on September 29 and 30 with preference for established bank customers, at a price of Es 40,000 per share.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
US DOLLARS							
Taisho Marine & Fire Ins. ¶‡	200	1992	5	3⅛	100	Nomura Int.	3.250
Yasuda Trust & Banking §‡	100	2002	15	1¾	100	Yasuda Trust Europe	1.750
Asahi Glass ¶	200	1992	5	(3)	100	Nikko Secs (Europe)	*
Asahi Glass (a) ¶	50	1992	5	(3)	100	Daiwa Singapore	*
Hawley Group (b) §	400	2002	15	(6)	100	CSFB	*
Coca Cola Enterprises ‡	150	1992	5	8⅝	101⅛	CSFB	8.465
Sanyo-Kokusaku Pulp ¶	130	1992	5	(3⅛)	100	Nikko Secs (Europe)	*
Smart Two (c)†‡	50	1992	5	21bp	100.1	Sumitomo Fin. Int.	–
Mitsubishi Cable Ind. ¶	100	1992	5	(3¼)	100	Nikko Secs (Europe)	*
CAECL ‡	150	1995	8	9⅜	101¼	Salomon Brothers	9.148
MCA Inc. §‡	300	2002	15	5½	100	Morgan Stanley	5.500
Cives 4 (d)†‡	200	1992	5	23bp	100	Nikko Secs (Europe)	–
Shimano Ind. Co. ¶	50	1992	5	(3¼)	100	Nikko Secs. (Europe)	*
Ishihara Sangyo Kaisha ¶	50	1992	5	(3¼)	100	Nomura Int.	*
SBC Finance ‡	125	1989	2	8	101	SBCI	7.444
Austria ‡	200	1992	5	9	101⅝	Chase Inv. Bank	8.587
Panasonic Cap. Corp. ‡	300	1992	5	9	101⅛	Nomura Int.	8.713
Nippon Denko ¶	70	1992	5	(3¼)	100	Nomura Int.	*
Canvas Ltd. (e)†‡	50	1992	5	22bp	100.1	Mitsui Trust Int.	–
Nippon Colmco ¶	60	1992	5	(3¼)	100	Daiwa Europe	*
Belgium ‡	400	1992	5	9⅛	101⅜	CSFB	8.774
Tokyu Construction ¶	70	1992	5	(3¼)	100	Yamaichi Int. (Eur)	*
Yamaha Motor ¶	100	1992	5	(3¼)	100	Nomura Int.	*
CANADIAN DOLLARS							
Nordic Inv. Bank ‡	100	1990	3	10	101.15	Pru Bache Cap. Funding	9.541
AUSTRALIAN DOLLARS							
DG Finance ‡	50	1990	3	13¾	101¾	DG Bank	13.009
Oest. Volksbanken ‡	50	1990	3	13¾	101½	CIBC	13.113
Ford Motor Credit ‡	75	1991	3½	13¾	101½	Merrill Lynch	13.109
NEW ZEALAND DOLLARS							
NatWest Australia Bk ‡	60	1990	3	17⅛	101⅝	County NatWest	16.397
Cr. Lyonnais Canada ‡	60	1990	3	17¼	101½	CSFB	16.576
D-Marks							
Markt und Technik Fin. ¶‡	30	1994	7	6½	142	Deutsche Bank	0.483
SWISS FRANC							
Horizon Gold Shares **§	12	1992	–	4¾	100	Banque Indosuez	4.750
Friendly Corp. **§‡	30	1992	–	½	100	B.della Sviz. Italiana	0.501
Yasuda Trust & Banking **§‡	100	1992	–	¼	100	UBS	0.250
Japan Organo Co. **§	30	1992	–	(⅝)	100	Credit Suisse	*
Tokyo Tatemono Co. **§	60	1992	–	(⅝)	100	UBS	*
Daiwa Kosho Lease **¶	90	1992	–	(1¼)	100	UBS	*
City of Kobe ‡	100	1999	–	4¾	99½	UBS	4.806
ECUs							
Pepsico ‡	100	1990	3	7⅝	101¼	Citicorp Inv. Bank	7.147
GTE Finance ‡	50	1992	5	8	101⅛	Société Générale	7.720
LUXEMBOURG FRANCS							
Skand. Enskilda Banken **‡	300	1992	5	7¼	100¼	BGL	7.189
Naturgas (Denmark) **‡	300	1992	5	7⅜	100	BIL	7.375
Mortgage Bk Denmark **(f)‡	600	1992	5	7⅛	100	Kredietbank Int.	7.125
YEN							
Rep. Nat. Bk. NY (London) ‡	3bn	1992	5	(g)	101⅞	Nomura Int.	–

* Not yet priced. ‡ Final terms. ¶ With equity warrants. § Convertible. † Floating rate note. Φ With gold warrants. ** Private placement. ‖ Currency-linked. (a) Launched in Asia. (b) Convertible cumulative preference shares. (c) 21bp over 6m Libor. (d) 23bp over 6m Libor. (e) 22bp over 6m Libor. (f) Launched in two LFrs300m tranches. (g) Years 1 and 2: 1%, 7¾% remainder, unlisted. Note: Yields are calculated on AIBD basis.

UK COMPANY NEWS

Nikki Tait looks at UK companies where South Africans have moved in

'Shell' route the only viable course

Antipodeans — despite their long pockets and aside from their role as arbs—have yet to make much lasting impact on Britain's financial scene. Is a *growing band of South African* emigrees likely to fare better?

At present, the South African influx is modest, but has swollen noticeably over the past few months. The 1985/6 intake included Chris Hotson, who arrived at Cardiff-based Ryan International via six years at a small Kentucky coal company; Hugo Biermann, who after an abortive attempt to board Energy Services & Electronics, moved in with his non-South African partner, Julian Askin, on Thomson T-Line; and Ken

THE SOUTH AFRICAN INVASION

Maud who now heads Peek Holdings.

Since the start of 1987, however, another wave of entrepreneurs have shot into the public eye—amongst them, Roy Bishko at Tie Rack, Darryl Phillips at Acsis Jewellery, Bruce McInnes at Charles Baynes and Ronnie Price at DSC Holdings.

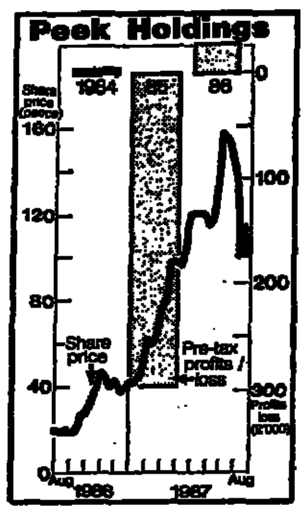
Reasons for their arrival need little explanation. Although few of the individuals involved admit to any direct political influence, most concede that the longer-term implications for their businesses in South Africa were either under a direct cloud or, at best, uncertain. "I've no high-surface politics," comes a typical comment from Bruce McInnes, "but in the back of one's mind, it is difficult to think five to 10 years ahead."

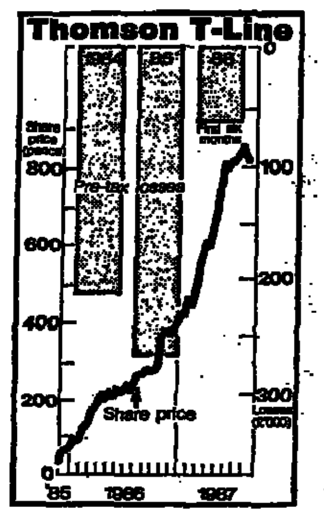
In facing a domestic squeeze, the South Africans and Antipodeans—whose scope for domestic expansion is equally limited—have something in common. The big difference comes in the scale of their resources. Exchange controls make it extremely difficult to take money out of South Africa. There is some scope for non-South African residents and for remitting dividends. But as Robert Waddington, the *Hambros Bank director* who has handled many of the recent wave of buy-ins puts it, "If you own a business there, you are stuck."

So the "shell" route has become the only viable course *for many. The most common* pattern is for a offshore company—invariably based with convenient anonimity in some tax haven and controlled by trusts belonging to the entrepreneur—to inject capital into a *quoted UK vehicle in* return for chunky stake (anything from 30 to 55 per cent). Given the immediate share price reaction, an ensuing bid for the outstanding equity becomes a formality. A rights issue to clear debt usually follows.

One advantage is the leeway this then provides for giving slices of the action to those who have proffered help. Hambros itself reckons to have taken stakes in about half the companies it has handled; Biermann and Askin, who performed some handy introductions, took a small holding in Baynes; among the lucky investors allowed to climb aboard *Acsis Jewellry was* Boase Massimi Pollitt, whose chairman Martin Boase is a close friend—and so on.

The problem, inevitably, is the availability of clean shells. "That's when you discover every man and his dog is looking," remarks one emigre in painful recollection. Waddington concurs, but at least sus-





pect... [illegible] of deal may have died away with the Spring's bull phase. "It was getting completely out of hand," he comments, pointing to the hefty price rises seen on the back of virtually any management injection.

To the incoming eyes, there are other handicaps, too. As Darryl Phillips puts it, "South Africa is a hell of a lot easier. You get warranties and everyone knows everything anyway." Small wonder, then, that there is a strong tendency to squeeze the maximum from contacts and tread familiar paths.

It is a point on which Hambros has scored heavily. The bank advised Beirmann and Askin during their first abortive boarding attempt—a £26m bid for Energy Service & Electronics via Peek Holdings back in early 1985. And when Askin and Biermann switched to a more conventional buy-in at the ailing Thomson T-Line, Hambros again got the business.

Six months or so later, Ken Maud—a former deputy chief at Allied Technologies, South *Africa's largest electronics and* electrical equipment group—also scanned the UK scene. He knew Beirmann, who pointed him towards Peek and Hambros. McInnes travelled a similar route. Daryll Phillips actually put out feelers amongst three banks, but still ended up with Hambros.

Hambros, though, maintains it still sees a good many South African candidates who never make it to the public gaze.

In fact, the initial fees of this *type of deal are not particularly* hefty—in the case of Acsis, aside from underwriting commissions, the bank earned £20,000 for its financial advice—although share stakes can show a quick paper profit. What *is promised is a spate of* ongoing deals as the shells are built up.

So how good an investment is this latest band of entrepreneurs proving? To date, the track record in industrial terms consists largely of acquisitions and disposals—generally well-received but completed over too *short a period for any sensible* judgement. In share price terms, however, the return is already superb.

Peek, which produced a near-£600,000 loss in 1985 followed by £51,415 profit in 1986 (helped by the capital injection), made its first purchase last February when it bought *Sarasota for £26m—six months* after Maud arrived. The second £3.8m deal, for Husky Computers, took place last month. The share price, however, went way ahead — from around 20p last August it headed for 160p *in July, before correcting to* around 100p. Even at that level, the company is capitalised at about £103m, but (on current purchases) could not expect profits much beyond £2m pretax this year.

But then how should Maud's record be priced? A former investment adviser/banker, he joined Allied Technologies in 1976 and over ten years saw its market capitalisation grow from R1.5m to R1bn with earnings per share up from 4.7 cents to 482 cents.

Thomson T-Line has been even more rewarding for investors. Askin and Biermann bought in at 50p in December, 1985. Today, the shares are 808p. Three major deals have flowed in the intervening period; the £13.5m acquisition of Longton Industrial Holdings (part of which is now sold), Taddale Investments for £11.1m and Component Industries for £4.4m. But with the year-end changed from December to April, the company has yet to declare a profit.

Not surprisingly, given the market's faith in the high *quality business records*, the newcomers report little difficulty finding backers, despite the South African links. Most can boast at least a dozen institutions on their register; Throgmorton Trust and Electra retained their stakes at Baynes, declarable interests in Thomson T-Line have included Investors in Industry, Warburgs, and John Govett. Hambros admits that some brokers will not handle the shares because of the background, but says this is largely the case where a firm is US-controlled.

Which leads on to the other yawning gulf between the South Africans and their predecessors from Australasia: the degree of commitment to the UK. Invariably, these entrepreneurs have slipped into non-executive posts at their former companies or cut ties altogether, and in all cases publicly committed themselves to full-time life in the UK. "It's an extremely difficult decision," admits Phillips, who—although firmly based in the UK—is still travelling regularly between the two countries. "You don't know if you are right, and you may not ever *know." He points to the earlier* exodus in the 60s, warning "They are almost waiting for something to go wrong."

What no one disputes, is that more arrivals are on their way. Quite why the UK is popular at present causes some head-scratching: in some cases, British citizenship is already held, others point to the problems in getting US residency. The only check, suspects Askin, will be the track records which newcomers can offer. "The City does investigate very seriously. So far, they're a *determined, driven lot. But* there may be no more than a dozen people of that calibre."

** This is the first in a series of three articles looking at South African entrepreneurs in the UK.*

BET in SA transport float

BET, international services company, has announced a plan for its transport company, United Transport International to float up to 20 per cent of the shares of its South African *freight transport* subsidiary in a public issue on the Johannesburg stock exchange, raising some £4m to expand the company without new investment by BET.

The subsidiary, Unitrans, is owned by United General Investments in which BET owns 60 per cent and SANLAM, the South African life assurance company, owns 40 per cent.

After the flotation, BET's interest in Unitrans may be less than 50 per cent but it will retain control through its majority share of parent company UGI.

Unitrans had a turnover of £25m in the year to March 31 and operates a range of specialist freight companies in Natal, Witwatersrand, Pretoria and Zululand. It has a total of 1,500 vehicles.

BET says that Unitrans has excellent growth prospects. While BET does not wish to make any new investment in South Africa, it says it would not wish to frustrate the company's growth.

Brodian rebuts Buckley's attacks

By Terry Povey

Brodian, the shell investment company which is making a hostile £27m bid for Buckley's Brewery, yesterday rebutted what it described as "trivial and personal attacks" and called on the Welsh company's shareholders to accept the 175p cash offer in view of its "dismal record."

Replying to a defence document charge that the offer was inadequate, Peter Clowes and Guy von Crammer, who own Brodian, said that the offer was in excess of the last reported net asset value of the brewer and represented an exit multiple of 32 times earnings.

Brodian also denied that it was merely seeking to make a *quick profit saying that it was* making a long-term investment in Buckley's and planned to expand the number of pubs and hotels it owned should the bid succeed.

On the funding for the takeover, Brodian insisted that its adviser Singer & Friedlander had been satisfied that sufficient resources were available—although there was no mention of a £5m facility granted by the merchant bank to the bidders which might be secured against a part of its holding in Buckley's.

Mr Clowes and Mr Von Cramer also denied that they planned to use Buckley's shares as collateral for borrowings in connection with their other business interests.

Scholes rejects rival offer

George H. Scholes, the circuit breaker manufacturer facing a hostile £70m bid from Delta Group, has rejected approaches from a third party.

With the 550p-a-share Delta bid due for its final close tomorrow, Scholes said that on Friday it rejected a 575p offer from an unnamed third party. As this proposal was conditional on board approval, the approach has now been withdrawn.

Yesterday Scholes said that Brown Boveri, one of the two companies from which it licenses technology, would terminate this arrangement if the bid succeeds.

FT Share Information

The following securities have been added to the Share Information Service: Derian Inds. (Section: Canadians). Grahams Rintoul Inv. Trust (Ord., Step. Cap. Pref., & Prefd.) (Investment Trusts). Liberty All-Star World Equity Portfolio (Investment Trusts). Monarch Resources (Mines, Finance). Smith New Court Conv. Red. Pref. (Trusts, Finance Land). USDC Inv. Trust (Investment Trusts).

BOARD MEETINGS

TODAY

Interims: American Trust, Cambridge Electronic Industries, I. J. Dewhirst, Edinburgh Fund Managers, L. M. Ericsson (Telefonaktiebolaget), Low and Bonar, Pleasurama, Sandvik, Scottish Eastern Investment Trust.

FUTURE DATES

Interims—

Atlantic Computers	Sept 22
CRH	Sept 2
Frost Group	Sept 3
Hall (Matthew)	Sept 16
Laing Properties	Oct 1
Lodge Care	Sept 14
Macallan-Glenlivet	Sept 18

Equiticorp offers to drop GPG action

BY TERRY POVEY

Equiticorp, the New Zealand financial services and investment group, yesterday offered *to drop its legal action against* the Guinness Peat Group if the UK company agrees not to implement management changes at its merchant banking arm, Guinness Mahon, without shareholder approval.

In a letter addressed to Mr Alastair Morton, GP's executive chairman, Equiticorp makes clear that it considers the cost of the new management team being hired to run Guinness Mahon is too high. "Although as *a matter of principle* we believe in providing attractive management incentives, such incentives must be balanced against the interests of the company and its shareholders," said the New Zealand group.

With an almost 30 per cent stake in GP, Equiticorp indicated on Tuesday that it will soon be obliged, as the result of further share purchases, to make a full bid at a maximum of 110p a share — which would *value the UK group at £340m.*

Last week Equiticorp asked the Takeover Panel to halt the implementation of managerial and organisational changes at Guinness Mahon as a bid might be in the offing and obtained an *interim injunction blocking the* same proposals on commercial grounds.

The Panel ruled on Friday that GP can go ahead with the management buy-in and GP has said that it would try to get *the injunction lifted early this* week.

Equiticorp believes that it is offering an alternative to debating "the merits of the proposed reorganisation before regulatory bodies or the courts," *which it does not wish to do,* by proposing that Mr Morton places the incentive package before shareholders given that "it is clearly material" and "potentially involves cash payouts of several tens of millions of pounds up to a maximum of £50m."

GP believes that its major but unwelcome shareholder does not understand the way the proposed incentive scheme has been structured and is "*attempting to exercise* management control without being willing to pay a bid premium for it."

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announce*ments except where the forthcoming board meetings (indicated* thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*BAT Inds	Sept 2	Interim 5.5
*BICC	Sept 8	Interim 3.5
BTR	Sept 10	Interim 3.5
*Bank of Scotland	Sept 2	Interim 6.0
*Blue Circle	Sept 4	Interim 6.0§
Booker	Sept 9	Interim 4.75
Bowater Inds	Sept 11	Interim 4.0
British Aerospace	Sept 10	Interim 6.4
BP	Aug 28	Interim 12.0§
Burmah Oil	Sept 11	Interim 4.5
Cadbury Schweppes	Sept 4	Interim 1.8
Coats Viyella	Sept 24	Interim 4.8§
*Cons Gold	Sept 15	Final 18.0
*Costain	Sept 18	Interim 7.0§
Dalgety	Sept 15	Final 7.5
Fisons	Sept 16	Interim 2.88§
Freemans	Sept 22	Interim 2.7§
General Mining	Sept 11	Interim 80c
*Glynwed	Aug 26	Interim 3.6
*Guardian Ryl Exchange	Sept 2	Interim 10.0
*Hillsdown	Sept 2	Interim 1.4§
*Ibstock Johnsen	Sept 8	Interim 1.7§
*Ladbroke	Aug 27	Interim 5.5
*Marley	Aug 27	Interim 1.4
*Pearl	Aug 26	Interim due
P & O	Sept 3	Interim 7.5
*Prudential	Sept 9	Interim 10.0
RMC	Sept 25	Interim 5.0§
RTZ	Sept 16	Interim 7.0
Reckitt and Colman	Sept 17	Interim 6.75
Rolls-Royce	Sept 10	Interim due
*Rowntree	Sept 10	Interim 4.4
*Sedgwick	Sept 4	Interim 4.0
Shell Transport	Sept 11	Interim 13.5
Simon Eng	Sept 15	Interim 2.7
Stewart Wrightson	Sept 16	Interim 4.2
*Sun Alliance	Sept 2	Interim 7.5
Sun Life	Sept 17	Interim 10.4
Tarmac	Sept 22	Interim 2.45§
*Taylor Woodrow	Sept 1	Interim 2.25
*Turner and Newall	Sept 8	Interim 2.8
*United Biscuits	Sept 16	Interim 3.5
United Newspapers	Sept 25	Interim 6.0
Vickers	Sept 25	Interim 5.0§
*Wms Hidgs	Sept 2	Interim 5.0
*Wimpey (George)	Sept 9	Interim 1.0
Woolworth	Sept 17	Interim 5.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

FINANCIAL TIMES STOCK INDICES

	August 21	August 20	August 19	August 18	August 17	August 7	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.23	85.11	86.18	86.36	86.67	87.03	93.32	84.49	127.4	49.18
Fixed Interest	92.48	92.82	93.71	93.45	94.07	94.31	99.12	90.23	150.4	50.53
Ordinary	1727.2	1700.2	1712.4	1732.2	1764.0	1785.3	1926.2	1320.2	1926.2	49.4
Gold Mines	418.8	429.3	422.9	408.6	401.6	416.6	497.5	288.2	734.7	43.5
FT-Act All Share	1125.31	1114.81	1120.81	1134.42	1150.56	1165.95	1238.57	835.48	1238.57	61.92
FT-SE 100	2205.8	2185.3	2197.6	2224.8	2259.6	2295.6	2443.4	1674.5	2443.4	986.9

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THE ARTS

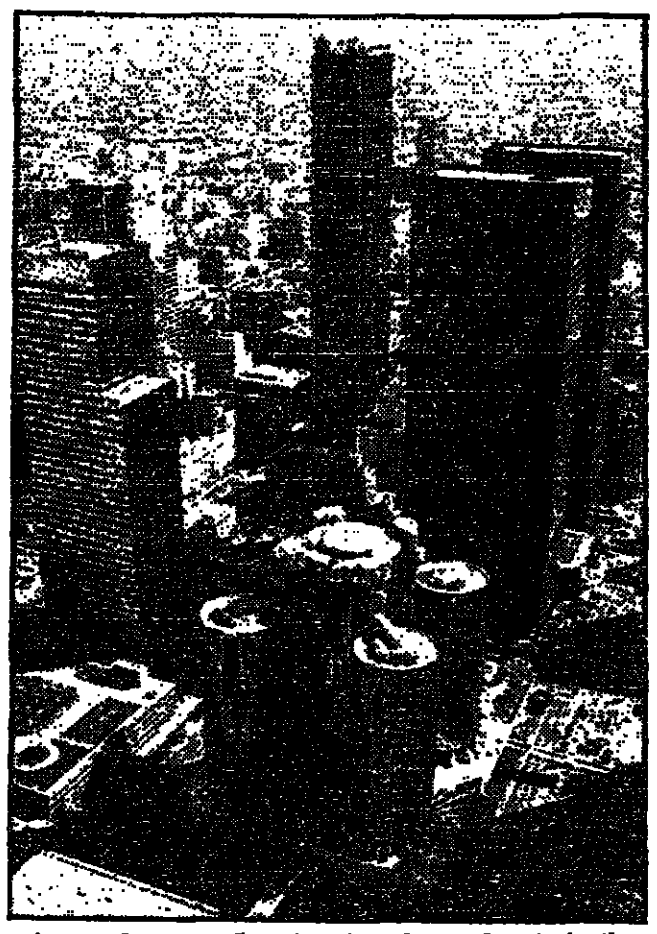
Architecture books/Colin Amery

Focus on contemporary experiments

It was a memorable afternoon. The candles were lit among the pink roses on the table although the Californian sun was shining in all its Spring brightness. I was visiting one of the landmarks of modern architecture — the house designed by Charles Eames in the late 1940s in a canyon near the beach at Santa Monica. The house is occupied by Ray Eames, widow of Charles, and her eclectic taste provides the candles, the Mexican tinware and the vivid textiles—all to enrich a house that is one of the simplest and clearest of all glass and panel structures.

Forty years on it would be hard to improve on the simple elegance of this house and studio coolly placed among the eucalyptus trees. My visit and conversation about the relatively early days of Los Angeles with Mrs Eames were recalled by a more youthful photograph of both the Eames's in their living room when it was comparatively new.

This picture can be seen in a handsome (do not be put off by the cover) new book on the architectural history of Los Angeles—*L.A. Lost and Found,* by Sam Hall Kaplan (Viking, £25.00, 224 pages). By the year 2000 Los Angeles will be more populous than New York and its metropolitan area. Kaplan writes a cogent and amusing history, not overwhelmed with the weight of scholarship but with a good and infectious sense of architectural curiosity.



A new book on Los Angeles shows that it is the thrusting centre of American architectural growth.

The wonderful Eames house was one of a series designed as part of the Case Study Programme devised by the magazine Art and Architecture to demonstrate that modern design could meet the need for attractive and relatively low-cost housing. Architects like Eames, Neutra, Saarinen, Craig Ellwood and many others built on sites provided for them by the magazine. This imaginative experiment raised public interest and certainly helped to create an enthusiasm for modern architecture and design which thrives in LA and nowhere else. Helped by the climate and the freeways LA continues to experiment architecturally. The work of Frank Gehry today is an experimental as the early work of Frank Lloyd Wright.

Kaplan's book would be a good preparatory guide to read on the plane. When you get there you are going to need the maps and expertise of a more thorough book—the American Institute of Architects publish one of the best.

★

If your travels take you to Chicago or St. Louis, or if you feel a continued interest in the subject of the revival of decoration in modern architecture, *Louis Sullivan: The Function of Ornament* by David Van Zanten, William Jordy *et al* (W. W. Norton & Company, £27.00, 224 pages) is important and serious reading. This is the hardback book that accompanies the Louis Sullivan (1856-1924) exhibition that has already been in New York and Chicago and will be at the St. Louis Art Museum from August 28 until October 25.

The St. Louis location provides the opportunity to see the restored Wainwright Building in that city, certainly one of America's most important historic buildings. Sullivan achieved what so many contemporary architects are singularly failing to do—he invented a coherent, beautiful and intellectually convincing system of decorative enrichment.

This book of the exhibition stands alone from the actual show and is a scholars' tribute to Sullivan. William Jordy writes particularly well about the tall buildings. He explains the excitement of the possibilities of the early skyscraper that Sullivan seized so convincingly. Sullivan enjoyed what he called, "the bold conditions" of modern building practice. He clad the metal frame in ways that have scarcely been bettered. Dominant corners, prominent cornices and the remarkable way he used ornament to animate the whole of a large tower turn Sullivan's achievements into powerful rebukes to present day tall buildings.

★

For a provocative and stimulating (if too long) read this summer *Towards A Social Architecture* by Andrew Saint (Yale University Press, £19.95, 268 pages) is to be recommended. The sub-title, "The role of School Building in Post War England" may not sound particularly like holiday reading, but this is an extremely important work.

Andrew Saint has strong views He has no tome for those who see architecture as the intellectual and artistic property of architects working in isolation. Public building in Britain after the Second World War is described by Saint as "the biggest and most radical adventure ever undertaken in the history of British architecture."

His subject is not just the buildings that grew-up in Hertfordshire, Nottinghamshire and on the drawing boards of the Ministry of Education: it is about an attitude of mind that was keen to prove in practice that modern architecture could make buildings that were of real benefit to the majority of society.

Saint does not think it right to judge by appearances alone. He believes that the schools building programme, which allowed for a new one to be finished every day in England and Wales between 1950 and 1970, should be recorded and learned from today. He has written in immense detail and taken advantage of the fact that some of the important participants are still alive.

Wartime experiences bred a mood of socially minded concern for others that prompted an almost communistic vision of equal opportunities. Indeed Saint does not skip over the political nature of the school building programme. Nor does he hesitate to interject his own views upon the nature of English state education.

Anyone who has seen, or attended, the modern state school will know that they do reflect the dewy vision of fresh air, Puritan simplicity of design and value for money. The contemporary photographs in this book are a revelation of an inspired vision of a Welfare State.

Saint is right when he says that the full story of modern architecture—its success in the schools field and its disastrous failure in the housing field—needs more analysis and research. The history of the most recent decades is the most difficult to write, but Saint has succeeded brilliantly.

The most salutary thing to emerge from his musings is the difficulty we seem to have in England of making creative marriages between designers and their clients. Ideas of architectural responsibility must be shared by both sides of any building endeavour. His book does show how recent history could help us to avoid mistakes: it should be widely read.

Trisha Brown comes to 'Dance Umbrella'

The Trisha Brown Company from New York will visit this year's *Dance Umbrella* in November, presented by Sadler's Wells Theatre in association with the festival.

The festival, the ninth, opens in October with a series of cabaret evenings at The Place and performances by the Belgian company Rosas at the Riverside Studios. Other London venues will be the Almeida and the ICA, but *Dance Umbrella 87* also takes place in Bristol, Brighton, Leicester and Plymouth.

The English Cat/Leith Theatre, Edinburgh

David Murray

Despite his friendly predilection for things English, Hans Werner Henze (who even lives here part of the time) has not had much luck on the British operatic scene. Though one of his two Auden operas, *Elegy for Young Lovers*, has had a fair run for its money, the other — *The Bassarids* — was staged at the Coliseum better than originally in Salzburg, but several performances were lost through strikes, and it has not been revived. Nor has his Covent Garden commission *We Come to the River* with its text by Edward Bond; nor the fine New Opera production of *The Young Lord*.

Henze's second opera with Bond, *The English Cat* (which I discussed here when it was premièred in Schwetzingen as *Die englische Katze*), has waited more than four years to reach a British stage—not, unfortunately, an operatic one, and in a production imported from Frankfurt. In the base little Leith Theatre the efficient Scottish Opera Orchestra under David Shallon, exposed at audience-level, inevitably covered up many of the words, though the British and American cast assembled by Frankfurt's "Alte Oper" (not an opera house but a performing arts centre) boasted generally excellent diction. For once Edinburgh's King's Theatre would have been an ideal venue: Henze employs only an idiosyncratic chamber orchestra, and the decorative ambience would have been perfectly apropos.

A different production would have been needed, as indeed it was anyway. What Ian Strasfogel devised for the platform of the Mozart Saal in the Alte Oper was a stand-up performance virtually without props, furniture or backdrops, but enclosed within Hans Hoffer's "computerised light box," five walls of plastic squares which glow in continually different colours and patterns. Thus he sacrificed entirely the element of the picturesque—the cloying, threatening Victoriana with Biedermeyer overtones—which belongs to the very conception of the opera, and within which the intrigues of Bond's cat-community (inspired by a Balzac tale) take on their funny and sinister shapes.

The singers were denied even the feline masks which Henze imagined from the start (appealingly realised at Schwetzingen), and got only token ears and tails. "But why *cats?*" my companion asked, reasonably enough, for here it seemed an irrelevant whimsy: neither the thoroughly Bond-ish tension between decorous social manners and imperious feline instincts, nor the sense of subjection to unseen overlords (the human masters and mistresses), was ever felt. Henze's notions of how his operas should *look* are too astute to be set aside so unceremoniously, most particularly for this sour-sweet, crypto-political fable about the man traps of a well-ordered society.

Strasvogel claims to have perceived that "The English Cat cried out for an open and abstracted environment," but I think that was only the voice of necessity: what it really mews for is a cosy home—a bijou Glyndebourne staging, say—the better to sharpen its claws and teeth. (And to bask in the subtle, queasy score, in which at Leith everything—melancholy recorders, soft twangings and janglings, crooning strings—was uniformly upfront.) What distinguished the Frankfurt-Edinburgh cast, kept stiffly on their feet and arranged in stupid rows for even the most varied ensembles, was how much they managed with so little help.

Susan Roberts, Eirian James and Alan Cemore

Minette, the "English Cat" (the label made better sense in Balzac, where she was adrift in Paris: in Bond's London setting *all* the cats are English), was brightly, prettily and accurately sung by Susan Roberts. Though her sister Babette's Brechtian toughness got small play here, Eirian James still made something striking of her, lovely to hear; and Neil Jenkins' soft-edged sketch of Lord Puff, Minette's crumbling bridegroom, was musically impeccable and ultra-lucid.

Alan Cemore's romantic ginger Tom and Richard Crist's villainous Arnold conveyed fewer of their lines, but made otherwise effective contributions. So did Deborah Rees as the token mouse among the feline gentry's Royal Society for the Protection of Rats (the irony of her situation seemed almost lost upon Strasfogel). And Frankfurt had not stinted upon the roll of minor characters (who also serve as mini-chorus in a scene *à la* Lorca where they are moon and stars)—Ameral Gunson, Julian Pike, Alan Watt, Eileen Hulse, Tracey Chadwell and Jonathan Best were all sturdy bricks in this strawless production. It was not, after all, a lost cause: but it was too thin and mild to sustain the opera's risky length, and many departures from the audience punctuated the second act.

The Caucasian Chalk Circle/King's, Edinburgh

Martin Hoyle

Are bourgeois concepts of naturalism creeping apocryphally into the gospel of Brecht as propounded by his disciples, the Berliner Ensemble? Peter Kupke's 1976 production of *The Caucasian Chalk Circle* is only the second in the company's history, mounted apparently after a gap of 18 years since the work was dropped from the repertory. Already a relaxed attitude to the sheerly hedonistic demands of a possibly — heaven forfend — post-culinary audience is obvious. In this concession to the implied sophistication of a new generation, the didacticism emerges as politically more simplistic and morally more ambivalent than ever.

Nowhere is this more apparent than in the heavy-handed comedy of Azdak's rough-and-ready justice. The rape case, with the vigorously mugging plaintiff wiggling her bottom and jumping up and down with squeals of knowing glee as the judge takes her to the stable to inspect the scene of the crime, is frankly embarrassing; as is the depiction of the doddery couple who apply for a divorce after 40 years. It is as if a dose of realism had been injected into a tradition of placard-carrying earnestness, and the result is a particularly witless brand of *Carry On*.

The flatness of the emotional mood may well be a hangover from the old style. There is no urgency, either in the panic-stricken confusion of the insurrection or the climatic tug of love when governor's widow and devoted servant girl clash over the child abandoned by one and cherished by the other.

The play falls naturally into an episodic pattern, and the fine ensemble work of Mr Kupke's production does nothing to discourage applause at what therefore increasingly emerges as a series of set turns. The desperate tension of Franziska Troegner's plump, broad-faced Grusche as she picks her way across the swaying bridge over the chasm is the first. The scenes with Azdak are dominated by Ekkhard Schall's extraordinary bodily energy — he bounds, tumbles, cringes and writhes; and for an hour or so rescues Azdak from the heretical suspicion that he belongs to that category of great comic creations that can all too easily become unfunny bores, Belch and Falstaff among them.

Manfred Grund's designs make much of stark white walls, the occasional rosy glow marking a distant conflagration, and mobile hovels, rocks and interior cross-sections. The stage pictures are always imposing, especially when a multiple gibbet, horse skulls and sprawling soldiers bespeak a world turned upside-down by anarchy but unconsciously settling back into its hierarchical ways.

Paul Dessau's rather arid music is conducted by Karl-Heinz Nehring and the narrative-singers (Peter Tepper, Annemone Haase and Marion Koch) perform their not very grateful tasks beautifully—as indeed does the whole company. Mr Tepper switches to English for that final moral that has always raised such suspicions about the woolly-mindedness of Brecht: "That which is there shall go to those who are good for it; so children to the motherly that they prosper; carts to good drivers that they be driven well; and the valley to the waters that it yields fruit," is a creed voiced through the centuries by figures (I merely observe) as diverse as Lord Elgin, white settlers and Mr Botha. Come to think of it, I never realised Mrs Thatcher was a Brechtian.

The Great White Hope/Mermaid

Claire Armitstead

When Howard Sackler's play *The Great White Hope* had its British premiere at the Tricycle Theatre in Kilburn almost two years ago, carrying off a shoal of awards, it had a rawness and a vitality that carried it through two continents and nearly 20 scenes. Its reappearance at the Mermaid, with an RSC cast headed and directed as before by Hugh Quarshie and Nicolas Kent respectively, is in a disappointingly sterilised form.

The Pulitzer prize-winning drama, written 20 years ago and successfully filmed with James Earl Jones, follows in the footsteps of Jack Johnson—here renamed Jefferson—the first ever black to carry off the world heavyweight boxing title. It is a love story splashed acros a huge canvas of racial conflict and corruption, at a time when a black man could be jailed for crossing state boundaries with a white woman, and the white establishment regarded the emergence of a black champion as "the biggest calamity to hit this country since the San Francisco earthquake."

Johnson offended the white establishment on both grounds; paradoxically he also appalled a god-fearing black brethren with his licentious behaviour and his refusal to espouse the politics of black liberation. He spends the second act exiled from his homeland, drinking his way across a Europe that refuses to match him with its own boxing hopes, reduced finally to venting his cynicism in the acceptance of a fixed fight. Quarshie, shaven-headed and powerfully muscled, is a charismatic performer, but he has forfeited some of the punch of his earlier performance for a more psychological reading, his smile becomes a calculated front, increasingly fixed as luck turns against him.

It is a more sophisticated interpretation perhaps, but one which affects the power of the scenes with his white lover Ellie. The note of intimacy as he dribbles champagne on her sunburnt back, and the corresponding cruelty as he whips her with a towel while she clings weeping to his punchbag, too easily become schematic illustrations of his decline. Jill Baker does not attempt the girlishness of Jenny Quayle in the Tricycle production, but brings to Ellie instead a reserve that is movingly demolished as she is tormented and spurned. Gillian Barge, as her mother, captures the desperation of a woman betrayed to her own prejudices, while Mona Hammond is marvellously expansive as the ailing mama Jefferson.

Yet from the pivotal early scene in which a group of black evangelists keep a singing vigil onstage, while off it Jefferson wins the championship, a distance is created between audience and play that is only uneasily bridged by the increasingly important and frequent asides. The sound system is too restrained and the five-strong band too docile to transport us all the way to the ringside. The final offstage fight scene goes off like a damp squib.

Mary, Queen of Scots/Lyceum Studio

Martin Hoyle

"National flower: the thistle. National pastime: nostalgia." Thus is Scotland defined by the sardonic story-teller, black-clad and beady-eyed, a sceptical chorus to the action of how *Mary, Queen of Scots Got Her Head Chopped Off*. National bird: the crow.

La Corbie, embodied by Myra McFadyen as an avian Krankie, none to reverently spins the yarn of playwright Liz Lochead's colourful tapestry for Scotland's foremost touring company, Communicado. They shortly take to the road; English dates include Derby, the southernmost point of another Stuart's incursion Unlike the face that launched a thousand shortbread tins the production, now at the Lyceum Studio, will actually reach London next month at the Donmar. Whether England's ennervating air will cause this gallimaufry of theology, history and debunked myth to wilt or not, its impact (with the small theatre shaking to fireworks in Prince's Street, a caber-toss from the birthplace of Mary's Anglo-Scottish monarch son) is exhilarating, abrasive and hugely enjoyable.

This round dance of houghmagandie and rumplefyke speeds breathlessly through a first half which introduces us to the "twa queens in wan green island." Elizabeth (Alison Peebles in leopard-skin stole) and Mary (Anne Lacey, whose long melancholy face has the wistful sweetness of the Victorian concept of the medieval). To the strains of a tango both are besieged by suitors, the same actors switching from Scots to English — especially as the common man, consistent in his mistrust of "the bloody French" on both sides of the border.

The types are sharply defined. Blazered and faintly Bridesheadish John Mitchell plays both Elizabeth's Leicester and Mary's anglicised Darnley. Frank McConnell's small tramp-like caperer is the born victim, notable as Rizzolo. Stuart Hepburn, robustly physical in vest and braces, plays his family namesake, Bothwell; and Gerry Mulgrew, the play's director, is the bearded Knox who thunders on about redeeming the people while the impoverished populace buckles, literally, beneath his weight.

The first half fizzes through the bewildered French-reared queen's progress through her mistrustful country, and ends with a beautifully stylised wedding scene for Mary and Darnley. Part Two is more verbose, though the writing makes politici-theological arguments sound vivid and urgent. One ofthe show's pleasures is its firm historical basis — no distortion of the facts for dramatic effects.

The narraive thread is sometimes lost, as in the strolling players' enactment of the Salome story which culminates in the murder of Rizzio; but at its best, this is real national drama which has nothing to do with jingoism or separatims, but centres on the in-jokes, shared memories, pride, embarrassment, skeletons in the cupboard and common experience that you find in close-knit families. The excitement rarely falters, particular thanks to Anne Wood, a fiddler who strolls through the whole show using music to whip up tension, comment or simply provide accompaniment.

Mary, Queen of Scots, at the Lyceum Studio

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 21-27

Music

PARIS

Ensemble Gilles Binchois conducted by Dominique Vellard: Cathedral Vocal Music, Ecole Notre-Dame de Paris (Mon, 8.30pm). Saint-Severin Church.

Anna Stella Schic, piano: One Hour with Gershwin (Tue, 7pm). Auditorium des Halles.

Ensemble Erwartung conducted by Bernard Desgraupes: Hommage to St. John Perse and Blaise Cendrers with Durey and Milhaud (Wed, 8.30pm). Auditorium des Halles.

Orchestre Français des Jeunes conducted by Emmanuel Krivine, Gerard Causse, alto. Debussy, Bartok (Thur, 8.30pm). Salle Pleyel.

All the above are part of the Paris Festival Estival (4804 9801).

LONDON

London Sinfonietta conducted by Diego Masson with soloists. Machaut/Birtwistle, Monteverdi, Kagel and Berio Queen Elizabeth Hall (Mon). (928 3191).

BBC Philharmonic Orchestra conducted by Edward Downes with Robert Tear, tenor. Delius, Richard Rodney Bennett and Rachmaninov. Royal Albert Hall (Mon). (589 8212).

Israel Philharmonic Orchestra conducted by Zubin Mehta with Shlomo Mintz, violin. Brahms and Mahler. Barbican Hall (Wed).

BBC Philharmonic Orchestra with chorus and soloists, conducted by Edward Downes. Tchaikovsky and Borodin. Royal Albert Hall (Wed).

FRANKFURT FESTIVAL

Frankfurt, Alte Oper: "Frankfurt Feste 87". This year's festival, until September 29, attempts to explain the relevance of mystic figures and their influence on contemporary culture and society. There will be a progamme of old and new music, experiments, musical theatre, chamber music, open-air performances and exhibitions. It includes the German premiere of Prometeo, composed by Luigi Nono and the lyric opera Kassandra by Peter Michael Hamel. Also Vivaldi's rarely performed L'Olimpiade, Mozart's Mitridate: Zemlinsky's Der Traumgorge and Maurício Kagel's scenery illusions of The World Creation. The festival will celebrate the 10th anniversary of the European Chamber Orchestra, conducted by Claudio Abbado, with a number of concerts. Other highlights include performances by the Vienna Philharmonic under Leonard Bernstein, the Philadelphia Orchestra under Riccardo Muti, the Israel Philharmonic, conducted by Zubin Mehta, the Tokyo Saito Kinen Orchestra under Seihi Ozawa and Frankfurt Opera and Radio Orchestras. Alte Oper Frankfurt, Opernplatz (0 69/13 40-4 19/4 12).

English Chamber Orchestra conducted by Edmon Colomer with Emanuel Ax, piano and Jose-Luis Garcia, violin. Mozart, Beethoven and Vivaldi. Barbican Hall (Thur).

Taverner Choir and London Sinfonietta conducted by Andrew Parrott with Rohan de Saram, cello. Machaut, Xenakis and Stravinsky. Queen Elizabeth Hall (Thur).

CHICAGO

Ravinia Festival: The Tokyo String Quartet. Beethoven cycle (Tue, Wed, Thur). Highland Park (728 4642).

JAPAN

Japan Philharmonic Orchestra conducted by Ken-Ichiro Kobayashi with Mariko Senju, violin. Rimsky-Korsakov, Saint-Saens, Massenet, Sarasate and Ravel. Suntory Hall, Akasaka (Thur). (237 9990; 980 6060).

Theatre

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

WASHINGTON

Satchmo (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

South Pacific: Robert Goulet stars in the Rogers and Hammerstein musical in the last weekend of Wolf Trap, Vienna, Va. (703 255 1868).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Annie. The Japanese-version of the Tony-award winning musical by Charles Strouse and Martin Chamin. Stars Shiori Kanno as Annie with Ichiro Zaitsu, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (239 1837).

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Micheel Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (24 23 11).

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	FRIDAY AUGUST 21 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	THURSDAY AUGUST 20 1987 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1987 High	1987 Low	Year ago (approx)
Australia (93)	157.19	+0.6	143.06	146.68	2.48	156.27	142.84	146.29	158.03	99.92	74.33
Austria (16)	97.01	+0.3	88.29	91.71	2.24	96.76	88.44	91.86	101.62	85.53	92.01
Belgium (48)	134.59	+1.2	122.50	126.30	3.73	133.03	121.59	125.48	134.59	96.19	90.05
Canada (129)	139.65	+0.1	127.10	134.04	2.17	139.48	127.49	133.98	141.78	100.00	97.85
Denmark (39)	119.10	+0.7	108.39	113.47	2.43	118.27	108.11	113.17	124.10	98.18	95.52
France (121)	109.55	+1.0	99.70	104.43	2.69	108.49	99.17	104.03	121.82	98.39	97.55
West Germany (92)	104.87	+0.7	95.44	99.11	1.90	104.16	95.20	98.96	104.87	84.00	95.90
Hong Kong (45)	139.12	+1.2	126.62	139.43	2.63	137.43	125.62	137.77	142.69	96.89	77.34
Ireland (14)	139.31	+1.1	126.79	133.26	3.33	137.84	125.99	132.75	145.41	99.50	85.74
Italy (76)	87.29	+0.3	79.44	85.89	2.12	87.07	79.58	86.06	112.11	84.74	107.01
Japan (458)	149.93	+2.0	136.45	135.24	0.49	147.01	134.37	133.90	161.28	100.00	101.44
Malaysia (36)	181.83	+0.5	165.48	176.84	2.10	180.95	165.40	176.19	193.64	98.24	84.58
Mexico (14)	313.86	+3.4	285.65	503.07	0.59	303.44	277.36	485.88	313.86	99.72	60.39
Netherland (37)	131.41	+0.5	119.59	122.80	3.63	130.78	119.54	122.99	131.41	99.65	98.95
New Zealand (24)	125.32	+1.2	114.05	110.23	2.70	123.80	113.16	109.13	125.32	83.93	69.97
Norway (24)	172.79	+0.9	157.26	156.72	1.73	171.31	156.58	156.02	172.79	100.00	101.42
Singapore (27)	168.75	+0.5	153.58	163.62	1.52	167.85	153.42	163.30	174.00	99.29	89.25
South Africa (61)	171.45	−2.4	156.04	133.88	3.18	175.64	160.54	134.75	198.09	100.00	79.60
Spain (43)	146.47	+1.7	133.30	135.42	2.88	144.08	131.69	135.29	146.47	100.00	95.62
Sweden (33)	129.78	+0.9	118.11	122.38	1.88	128.57	117.52	122.10	129.78	90.85	97.32
Switzerland (53)	109.22	+1.2	99.40	101.87	1.62	107.89	98.62	101.30	109.22	92.01	92.93
United Kingdom (335)	147.08	+1.4	133.86	133.86	3.29	145.05	132.58	132.58	162.87	99.65	96.55
USA (590)	137.02	+0.3	124.70	137.02	2.67	136.61	124.87	136.61	137.02	100.00	104.41
Europe (931)	124.44	+1.1	113.25	115.84	2.81	123.11	112.53	115.22	128.35	99.78	97.26
Pacific Basin (683)	149.85	+1.9	136.38	135.76	0.64	147.05	134.41	134.46	158.77	100.00	99.56
Euro—Pacific (1614)	139.76	+1.6	127.19	127.84	1.41	137.55	125.72	126.81	143.65	100.00	98.65
North America (719)	137.16	+0.3	124.83	136.88	2.65	136.77	125.01	136.49	137.16	100.00	104.07
Europe Ex. UK (596)	110.41	+0.8	100.49	104.73	2.42	109.52	100.11	104.54	110.41	98.02	97.71
Pacific Ex. Japan (225)	148.84	+0.8	135.47	141.85	2.48	147.62	134.93	140.98	149.65	99.92	75.99
World Ex. US (1818)	140.21	+1.5	127.61	128.38	1.46	138.14	126.26	127.40	143.38	100.00	98.37
World Ex. UK (2073)	138.14	+1.0	125.73	131.58	1.78	136.77	125.02	130.86	138.14	100.00	101.13
World Ex. So. Af. (2347)	138.72	+1.1	126.25	131.72	1.91	137.25	125.46	130.94	138.72	100.00	100.85
World Ex. Japan (1950)	133.68	+0.5	121.67	130.03	2.70	132.97	121.54	129.55	133.68	100.00	100.37
The World Index (2408)	138.93	+1.0	126.44	131.78	1.92	137.50	125.68	131.00	138.93	100.00	100.72

Base values: Dec 31, 1986 = 100

CONSTITUENT CHANGES: Deletions—Kluwer (Netherlands), Queensland Press (Australia), Dominion Breweries and Helaby (R. and W.) (New Zealand).

EUROPEAN OPTIONS EXCHANGE

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$/Fl C	Fl.205	62	1.20	244	2.60	57	3.50	Fl.205.10
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$/FL C	Fl.195	70	11.50	—	—	—	—	Fl.205.10
$/FL C	Fl.200	108	7.70	12	8.80A	12	9.50A	"
$/FL C	Fl.205	58	5.10	33	6.30	30	7	"
$/FL C	Fl.210	91	3	35	4.20	—	—	"
$/Fl C	Fl.215	19	1.90	12	2.80	—	—	"
$/FL C	Fl.220	34	1	—	—	77	2.40	"
$/FL P	Fl.195	10	1.40	10	3.30	—	—	"
$/FL P	Fl.205	28	5.10	35	7.30	—	—	"
$/FL P	Fl.215	8	11.80B	—	—	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.520	174	13.30	19	28	13	37	Fl.505.50
AEGON C	Fl.95	135	6.10	54	9	52	10.50	Fl.99.10
AEGON P	Fl.95	22	2	8	3.30	—	—	"
AKZO C	Fl.180	2145	6	1123	10.90	49	14.50b	Fl.175.80
AKZO P	Fl.170	528	3.60	133	6.70	—	—	"
AMEV C	Fl.70	45	3.20	173	5.30	16	6.50	Fl.69.30
AMEV P	Fl.65	40	1.50	9	2.20	—	—	"
AMRO C	Fl.95	417	1.70	254	4.50	35	6.10b	Fl.89
AMRO P	Fl.95	12	7	133	7.50	—	—	"
ELSEVIER C	Fl.65	366	4.30	66	6.50	—	—	Fl.62.50
ELSEVIER P	Fl.60	102	2.70	12	4	—	—	"
GIST-BROC. C	Fl.55	364	2.10	179	4.20	22	4.80	Fl.55
GIST-BROC. P	Fl.50	213	1.70	78	2.30B	10	3.70	"
HEINEKEN C	Fl.180	79	14.50B	10	19	—	—	Fl.191.70
HEINEKEN P	Fl.180	69	3.40	11	6	1	6.50	"
HOOGOVENS C	Fl.50	146	2.60	151	4.30	1	6	Fl.47
HOOGOVENS P	Fl.45	270	1.80	32	3.70	42	4.50	"
KLM C	Fl.55	738	3.50B	307	5.80	28	7.30	Fl.56
KLM P	Fl.50	184	0.70	23	1.40	—	—	"
NEDLLOYD C	Fl.200	143	5.50A	107	9	—	—	Fl.180
NEDLLOYD P	Fl.170	178	7.70	25	12.50A	—	—	"
NAT.NED. C	Fl.80	116	3.30	46	5.80	4	7.90	Fl.80.40
NAT.NED. P	Fl.65	—	—	70	0.60	—	—	"
PHILIPS C	Fl.55	359	1.70	1710	3.30	25	4.60	Fl.53.10
PHILIPS P	Fl.55	22	2.80B	104	4.30	10	5.10B	"
ROYAL DUTCH C	Fl.290	418	4.70	76	10.50	3	15.50	Fl.278.50
ROBECO C	Fl.115	42	2.50	6	6	—	—	Fl.113.50
ROBECO P	Fl.115	14	2.50	2	4.20	2	5.30	"
UNILEVER C	Fl.124	1075	20.50	—	—	—	—	Fl.144
UNILEVER P	Fl.150	248	8.50	16	10.50	60	13	"

TOTAL VOLUME IN CONTRACTS: 50,712

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	10	UDT Mortgage Exp.	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‡110	F.P.	—	121	111	Adscene	113	......	L2.5	1.9	3.0	23.9
245	100	28/8	147	130	BAA	135	+3	L6.6	2.4	3.2	17.5
††	F.P.	—	84	65	BHP Gold Mines A$0.25	73	−4	—	—	—	—
§92	F.P.	26/8	190	157	‡Cook (D.C.) 5p	165	+3	u2.85	2.4	2.4	24.1
§50	F.P.	—	93	68	‡Corp. Estates Props. 5p	88	......	L0.75	2.4	1.2	48.0
§82	F.P.	—	100	84	Crosby (James) 10p.	85	......	R1.75	3.4	2.8	14.5
170	F.P.	28/8	220	205	Debenham Tewson 5p.	213	......	L3.25	2.3	2.1	28.7
100	F.P.	—	109	103	F'st Spanish Inv. Tst. Units	107	+1	—	—	—	—
140	F.P.	21/8	191	163	‡Graham Motors 5p.	163	......	L3.5	3.5	2.9	13.3
¶¶	F.P.	—	383	335	Hogg Robinson PLC	353	+3	R4.0	2.7	1.5	32.8
§20	F.P.	11/9	34	29	*Honorbilt	31	......	—	—	—	26.1
§185	F.P.	9/9	250	218	Kentish Property 5p	232	−1	R3.75	3.3	2.2	18.5
§140	F.P.	26/8	215	180	Kingsgrange 10p	180	−2	42.25	2.6	1.6	27.3
§100	F.P.	—	145	108	Kingston Oil & Gas 50p	113	......	—	—	—	—
100†	F.P.	—	125	115	*Medirace 10p	125	......	—	—	—	—
§110	F.P.	4/8	281	185	‡Parkway 5p.	243	−2	R1.5	4.2	0.8	38.3
§70	F.P.	26/8	118	96	‡Rural Planning 3p.	98	+2	R1.6	2.9	2.2	21.2
§63	F.P.	31/7	89	74	‡Shelton (Martin) 10p.	74	−1	u1.75	2.3	3.2	18.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100p	F.P.	21/8	113p	105p	‡Avesco Com. Ptg Cnv Red Prf 1997	106p	......
100p	30p	23/10	33½p	29¾p	Beazer (C.H.) 8.67pc Cnv. Red. Prf.	29½p	......
‖	Nil	25/9	22ppm	½ppm	Brent Walker 6% Cum. Cnv. Red Prf £1	¾ppm	−¼
‖	F.P.	—	105p	101p	Capital & Counties 5¾% Cnv. Prf.	105p	+1
‖	F.P.	14/9	119p	100p	Crest Nich'lson 5½% Cnv Cum Red Prf £1	100p	−½
‖	F.P.	11/9	129p	106p	Euro Home 5¾% Cnv Cum Red Prf 2006/11 £1	119p	−1
§	25p	11/9	25p	23½p	Do. 8⅞% Cum. Red. Prf 2001/05	23½p	−½
100½	£10	17/9	10	10	Lee Valley Wtr. 7¾% Red. Prf. 1997/98	10	......
‖	F.P.	7/9	108¼	99¼	Lon. Shop Prop. 7% Cnv. Uns Ln 2001/06	99¾	−½
—	F.P.	—	100	99¾	Nationwide 10% Bds 1/8/88	99¾	−⅛
—	F.P.	—	100¼	99¾	Do. 10⅞% Bds. 22/8/88	99⅝	−⅛
—	£25	11/11	25½	20¼	North Housing Assoc. 8¼% Gtd.Ln.2037	20¾	......
—	F.P.	—	270p	244p	Do. Zero Corp. Ln. 2027	244p	......
‖	Nil	15/9	6ppm	¼ppm	Norton Opax 5¾% Cnv. Red. Prf. 2002 £1	½ppm	+¼
¶¶	F.P.	—	133p	98p	Rivlin 5¼pc (Net) Cnv. Cum. Red. Prf.	98p	−2
‖	Nil	21/9	5pm	⅝pm	Temple Bar I.T. 6% Cov. Uns. Ln. 2002	⅝pm	−⅛
—	£10	24/9	12½	10	Wrexham&E.Den.Wtr 7¼% Red.Prf. 96/98	10	......

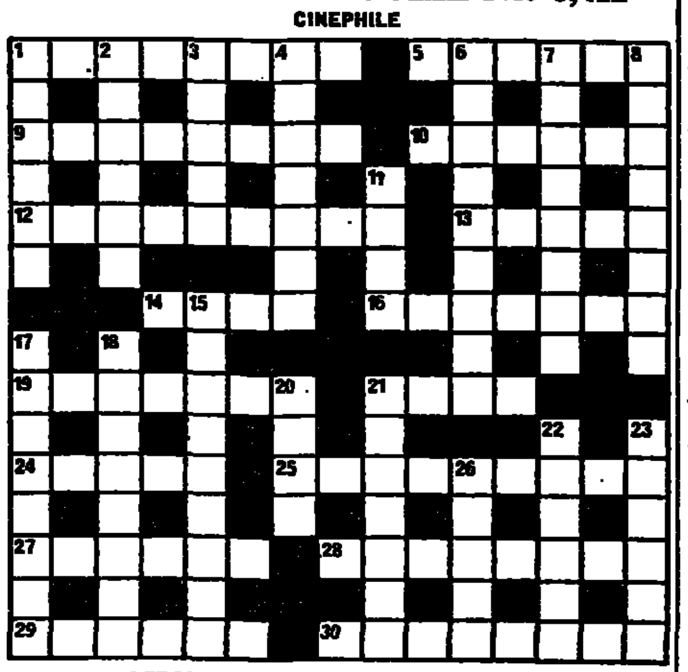
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
18	Nil	18/9	230pm	175pm	‡Acsis Jewellery 10p	175pm	−5
50	Nil	2/10	143pm	84pm	Baynes (Charles) 10p	95pm	+11
50	Nil	3/9	22pm	12pm	Benchmark 20p.	13pm	......
810	Nil	—	42pm	7¼pm	Capital & Counties Unit	7¼pm	......
205	Nil	25/9	65pm	45pm	Close Bros.	45pm	......
50	Nil	—	162pm	140pm	Conrad Hldgs	140pm	−3
171	Nil	—	20pm	11pm	Evode Group	13pm	+2
60	Nil	24/9	4½pm	1½pm	‡Floyd Oil 10p	1½pm	−½
30	Nil	14/9	130pm	75pm	‡Glentree 10p	115pm	+5
42½	Nil	2/10	30pm	15pm	Goodman Bros. 5p.	18pm	+2
175	Nil	2/10	90pm	28pm	‡Lorin Elec.	87pm	......
300	Nil	—	163pm	148pm	Midland Bank £1	154pm	+1
45	Nil	—	2pm	½pm	Norfolk Capital 5p	½pm	......
340	Nil	18/9	55pm	16pm	Parkfield Group 2p	26pm	+10
125	Nil	—	75pm	35pm	Ratcliffe Inds.	57pm	......
310	Nil	25/9	26pm	9pm	Ratners 10p	9pm	......
110	Nil	—	7pm	5pm	‡Rockwood Hldgs 10p	7pm	+1
140	Nil	—	32pm	26pm	Stanley (A.G.) 5p	27pm	+1
490	Nil	16/9	40pm	6pm	Value & Income Units	31pm	......
40	Nil	—	20½pm	12pm	Wellman 5p	13pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures ‡ Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. † Issued in £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.)

FT CROSSWORD PUZZLE No. 6,412

CINEPHILE



ACROSS

1 Flattery for senior citizen after distress call about Foot (4, 4)
5 Carbolic acid for tailless parrot without wife? (6)
9 Communication that ends where it begins? (8)
10 Hound takes wager about donkey (6)
12 Note: in capital (French, South) it nearly reaches the ground (4, 5)
13 Dynasty of testudo (Roman formation) (5)
14 One who takes action for sure? (4)
16 Provide with new top to get better (7)
19 Composer with hesitation holds gun (7)
21 Feels regret for sure? (4)
24 Proverbial gun? (5)
25 Penultimate, if in original (9)
27 With rounded projections, having had a meal after a highball (6)
28 Cut of beef with gin cocktail on board? (8)
29 Erotic model in sordid surroundings (6)
30 *Lure by lie given twistedly* (8)

DOWN

1 Reaper gets urge to attack rising deer (6)
2, 3 Military executioner, if returned, goes round part of college (6, 5)
4 A mature form of dilettante (7)
6 Listen to pussy getting up: he shows lovesickness (9)
7 Go down rapidly, otherwise I do 7 (4-4)
8 Illuminated period on line relating to books (8)
11 One who gives employment for sure? (4)
15 Final demand—aim, tumult, *perhaps* (9)
17 Chaos in the meat market as bear moves (8)
18 For 60 belief may be elastic (8)
20 Stratagem for sure? (4)
21 Little dish for mutton and beef, tail first? (7)
22 Birds' exploitation of insects has gnat in trouble (6)
23 First couple of players get fever, which is a pest (6)
26 Fake smithy? (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
American Income	88.3	93.8xd	+0.4	4.46
Gilts & Fixed Int.	110.0	114.4	−1.5	10.31
High Inc Equity	136.6	145.3xd	−1.3	3.68
Worldwide Bond	188.2	200.2xd	+0.5	4.85
Capital Growth				
American Growth	188.5	200.5	+2.3	0.70
Asian Pacific	90.1	95.8	+0.7	1.33
Assets & Earnings Tst.	180.1	191.5	−1.7	1.01
Capital Reserve	73.2	73.4	—	1.38
Commodity & Energy	187.7	199.6	−4.1	0.0
European Capital	97.0	103.1	+0.2	0.73
General	181.9	192.3xd	−1.9	2.33
Japan	94.3	100.3	+2.1	0.0
Mastertrust	89.4	95.1	......	1.35
UK Growth Acc Units	260.3	276.9	−2.2	0.88
UK Growth Dist	179.1	190.5	−1.6	1.28
U.S. Emerging Co's	60.9	64.7	+0.6	0.26
Income & Growth	296.9	315.8	−2.5	2.94

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
30 King William St, EC4R 9AS — 01-280 2060

American Growth	116.2	122.9	+1.7	0.99
(Accum Units)	121.7	128.7	+1.7	0.99
British Blue Chip Fund	49.9	52.8	+0.4	2.54
(Accum Units)	49.9	52.8	+0.4	2.54
American Sm Cos Fd	54.4	57.5	+1.0	0.46
(Accum Units)	54.6	57.5	+1.0	0.46
American Income	53.6	56.7	+0.7	3.84
(Accum Units)	58.5	61.9	+0.8	3.84
European Growth	157.1	166.2xd	+1.7	2.32
(Accum Units)	164.0	173.5xd	+1.8	2.32
European Income	84.4	89.3	+0.8	3.30
(Accum Units)	88.7	93.8	+0.8	3.30
General	363.8	384.1	-2.7	1.25
(Accum Units)	607.9	657.9	-4.5	1.25
Gilt	85.7	86.1	+1.0	8.16
(Accum Units)	101.9	102.4	+1.2	8.16
Global Fund	52.3	55.3	+0.5	0.66
(Accum Units)	52.3	55.3	+0.5	0.66
High Interest Fund	43.4	45.9xd	-0.3	9.79
(Accum Units)	43.8	46.3xd	-0.3	9.79
High Income Fund	51.6	54.6xd	-0.4	4.76
(Accum Units)	52.5	55.5xd	-0.5	4.76
Income	123.2	130.3	-1.2	3.16
(Accum Units)	141.2	149.4	-1.4	3.16
International	325.9	334.2	+3.2	1.23
(Accum Units)	395.2	418.2	+4.1	1.23
Japan	216.8	229.4	+3.8	0.55
(Accum Units)	222.6	235.5	+3.9	0.55
Pacific Fd	58.6	62.0	-0.1	0.10
(Accum Units)	58.6	62.0	-0.1	0.10
Recovery	307.4	325.2	-0.2	1.90
(Accum Units)	334.2	353.6	-0.2	1.90
UK Smaller Co's Fd	54.0	57.1xd	-0.9	1.72
(Accum Units)	54.5	57.6xd	-0.9	1.72
Exempt	52.4	55.7	+0.7	0.17
(Accum Units)	553.1	567.2xd	—	2.22

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB — 01-925 1277

Merlin Aug 18	640.0	648.0	—	1.07

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AL — 0707 45184

UK Income Fund	61.0	64.8	+1.1	4.63
Accum Units	61.0	64.8	+1.1	4.63
UK Growth Fund Acc	59.6	63.3	+0.3	1.58
Global Income Fund	49.8	52.9	-0.1	5.78
Accum Units	49.8	52.9	-0.1	5.78
Global Growth Fund	50.9	54.1	+0.6	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA — 01-588 3963

PM Equity Growth	116.0	123.5	-0.5	1.04
PM Income and Growth	103.1	109.7	-0.3	7.88
PM N American Growth	61.3	65.2	+0.9	0.33
PM European Growth	50.6	53.8	+0.4	0.56
PM Japan Growth	75.5	80.3	+1.5	0.34
PM Overseas Growth	59.0	62.7	+0.7	0.43

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377
Holborn Linkline 0800 010345

Holborn Comm Tst	80.7	86.3xd	—	0.36
Holborn Equity Income	71.7	75.8xd	—	3.39
Holborn Equity Tst	573.1	606.4	—	2.23
Holborn European Tst	125.0	132.2	—	.43
Holborn Gilt Tst	205.5	215.4	—	2.21
Holborn High Inc Tst	88.5	93.6	—	4.61
Holborn Intl Gth Tst	124.9	132.1xd	—	.66
Holborn Japanese Tst	138.4	146.4	—	0.04
Holborn N. Amer. Tst	99.8	105.6	—	.46
Holborn Sm Cos Tst	78.6	83.1	—	2.40
Holborn Spec Sits Tst	101.6	107.5xd	—	1.36
Holborn UK Growth Tst	113.2	119.7xd	—	1.54

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd	654.9	693.1	-21.4	1.42
Quadrant Income	321.6	340.4	-12.5	3.91
Quadrant Intl. Fund	475.1	502.9	—	0.49
Quadrant Spec. Sits	450.0	476.2	-25.5	1.38

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 510033

British Life	235.5	250.5	-1.6	2.41
Reliance Unit Tst (Inc)	162.7	173.0	-1.1	1.92
Reliance Ur Tst (Acc)	219.0	232.9	-1.5	1.92

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. — 051-227 2030

Internat. Growth Trust	53.2	56.0	+0.6	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 — 01-634 2980/4

NC America (Inc)	342.1	363.9xd	+6.0	0.76
NC America (Acc)	377.5	401.5	+6.7	0.76
NC Inc Fd	122.5	130.0	-1.2	2.88
NC Japan Fd	216.1	229.8	-3.1	0.0
NC Major UK Cos Fd	68.3	72.6	-0.5	1.80
NC Smllr Australasian	92.9	98.8	-0.9	0.30
NC Smllr Canadian CoFd	51.2	54.4	-0.1	0.89

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	441.8	465.1	...	—
Property	282.3	297.2	...	—
Equity	557.2	586.5	...	—
Gilt Edged	348.3	366.6	...	—
Deposit	205.5	216.3	...	—
Investment	237.3	249.2	...	—
International	446.0	469.5	...	—

Pension Fund Prices

Managed Init.	317.2	...	—
Do. Accum.	389.6	...	—
Property Init.	245.9	...	—
Do. Accum.	301.9	...	—
Equity Init.	429.9	...	—
Do. Accum.	527.1	...	—
Gilt-Edged Init.	225.7	...	—
Do. Accum.	277.1	...	—
Guaranteed Init.	158.5	...	—
Do. Accum.	194.7	...	—
International Init.	538.5	...	—
Do. Accum.	660.8	...	—
Index Lk. Gilt Init.	135.0	...	—
Do. Accum.	165.7	...	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	315.0	+0.3	—
Property Pens.	419.9	+0.5	—
Equity	192.6	-0.5	—
Equity Pens.	862.6	-2.2	—
Money Market	292.2	-0.6	—
Money Mkt. Pens.	325.5	-12.1	—
Deposit	238.1	+0.1	—
Deposit Pens.	379.9	+0.1	—
Managed	292.0	-1.2	—
Managed Pens.	559.0	-2.5	—
Intl. Equity	357.6	+0.1	—
Do. Pens.	380.7	+1.8	—
Intl. Managed	323.9	-0.3	—
Do. Pens.	480.9	+0.4	—
North American	140.1	+1.3	—
Do. Pens.	163.2	+2.8	—

National Provident Inst.—Contd.

Far East Initial	505.3	531.9	+5.1	—
Far East	605.2	637.1	+6.1	—
Prop. Initial	140.4	147.8	-0.3	—
Prop.	168.2	177.1	-0.3	—
Fixed Int. Initial	179.1	188.6	-3.4	—
Fixed Int.	214.9	226.3	-4.0	—
Indexed Gilt Initial	99.2	104.5	-1.6	—
Indexed Gilt	117.8	124.1	-2.0	—
Deposit Initial	135.0	142.2	...	—
Deposit	163.7	172.4	...	—

NPI Pensions Management Ltd

Managed Fund	987.6	1005.2	...	—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	57.0	60.1	+0.2	—
Stock Market Mngs Fund	59.1	62.3	+0.4	—
Equity Fund	62.5	65.8	+0.2	—
International Fund	57.2	60.3	+0.5	—
European Fund	59.5	62.7	+0.5	—
North American Fund	52.9	55.7	+0.5	—
Pacific Fund	66.3	69.8	+1.0	—
Property Fund	52.0	54.8	...	—
Fixed Interest Funds	47.5	50.1	...	—
Index linked Sec Fund	44.7	47.1	+0.4	—
Deposit Fund	51.1	53.8	+0.1	—

NUAM Retirement Plans

Mixed Fund	60.7	63.9	-0.2	—
UK Ordinary Share	70.7	74.5	-0.4	—
International Fund	59.1	62.3	+0.4	—
Property Fund	52.0	54.8	...	—
Fixed Interest Fund	49.1	51.7	-0.9	—
Index Linked Sec Fund	44.9	47.3	-0.1	—
Deposit Fund	53.1	55.9	-	—

NUAM (NIF)

Managed Fund	782.6	823.8	+3.6	—
Equity Fund	1661.7	1749.2	+8.2	—
Property Fund	323.6	340.7	...	—
Fixed Interest Fund	350.4	368.9	+0.2	—
Deposit Fund	208.3	219.3	...	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
1Apr	1Oct	Greek 7pc Ass	53	11.5	3.50	16.60
1Feb	1Aug	Do 6pc 28 Stb Ass	50	3.8	3	16.00
1Apr	1Oct	Do 4pc Mixed Ass	50	1.4	2	14.26
1May	1Nov	Hung '24 Ass	65	5.85	2.75	14.23
31May	30Nov	Hydro Quebec 15pc 2011	129	3.6	15.00	11.34
31Jan	31Jly	Ireland 14pc Ln 2016	121	1	14.50	11.80
1Mar	1Sept	Ireland 9pc 91-96	94	10.6	9.75	11.80

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Oc Ja Ap Jly	Sara Lee $1	28¾xd	24.12	$1.00	—	2.1
Mr Je Se De	Saul (B. F.) $1	11½xd	26.6	20c	—	1.1
Fb My Ag No	Southwestern Bell $1	25¾	7.7	h$2.32	—	5.5
—	Staley Continental	18¾	—	80c	—	2.7
Mr Jn Se De	Sun Co. Inc. $1	39	5.8	$3.00	—	4.7
Ma Je Se De	TRW Inc. $0.625	40⅛xd	11.8	h$1.60	—	—
Mr Je Sp De	Tenneco $5	33¼xd	11.8	$3.04	—	5.6
June Dec	Do. 10pc Ln.Stk. 91-5	202½xd	24.11	10%	—	15.0
Mr Je Se De	Texaco $6.25	26⅝xd	31.7	$3.00	—	6.9
Mr Je Se De	Time Inc. $1	68¾	22.8	$1.00	—	0.9
Ja Ap Jy Oc	Tracor $0.33	14¼	16.9	40c	—	1.7
Ja Ap Ju Oc	Transamerica $1	30¾	30.6	$1.76	—	3.5
Fe My Au No	Transworld Corp $5	13½	11.11	20c	—	0.9
Mc Je Se De	TRINOVA Corp.	47xd	11.8	h$1.00	—	1.3
Mr Je Se De	USX $1	23¼	30.10	$1.20	—	3.1
Ag Nv Fb Jn	Union Carbide $1	17⅞	4.8	$1.50	—	5.1
Mr Je Sp Dc	Utd. Technologies	35⅝xd	19.5	$1.40	—	2.4
Fb My Ag No	US West‡	35¾	13.4	$3.28	—	5.7
—	Waste Management $1	29	—	—	—	—
—	Whirlpool $1.0	£23⅜	—	—	—	—
Mr Je Se De	Woolworth $3½	35⅞	19.11	$1.32	—	2.3

CANADIANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
—	ABM Gold Corp ‖	304p	—	—	—	—
—	Abbot Energy Corp.	22p	—	—	—	—
—	Amer. Barrick Res.	14⅞	—	—	—	—
—	Armeno	82p	—	—	—	—
Fb My Ag Nv	Bk. Montreal ‖	15¼	24.11	$2.00	—	5.8

BANKS, HP & LEASING

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

هكذا من الأصل

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✧ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	95	.....	Fin. 13% 97/02	£1035	.....
Craig & Rose £1	588xc	....	Arnotts	385	.....
Finlay Pkg. 5p	114	+1	CPI Hldgs	85	.....
Holt (Jos) 25p	1005	....	Carrol Inds.	165	.....
IoM Stm. £1	153	+15	Dublin Gas	15	.....
IRISH			Hall (P. & H.)	130	−5
Fund 11¼% 1988	£100	.....	Helton Hldgs.	50	+2
Nat. 9¾% 84/89	£97	.....	Irish Ropes	205	−10
			Unidare	425	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

MANAGEMENT

(L to r): Jonathan Thornton, Peter Stone, Roderick Kent and Peter Winkworth: "We're very concerned to retain the ethic we have"

Close Brothers: still banking on niches

Steven Butler finds life flourishing outside Big Bang

IN A quiet cul-de-sac off Bishopsgate in the heart of the City of London, standing in the shadow of the Standard Chartered Bank headquarters, is a diminutive Victorian house that is home for the head office of Close Brothers, the merchant banking and investment group.

It is a tranquil setting that appears untouched by the swirl of Big Bang that has stirred up the neighbourhood.

Nearly 10 years after Close Brothers bought its independence in a £1m management buy-out from Consolidated Goldfields, little appears to have changed in this company that could well have invented the term "niche banking."

Close Brothers has flourished by continuing to find and exploit high-margin, specialist banking markets—the sort that big banks turn their noses up at because volumes are too low, and the expertise needed too demanding.

Yet this very success has raised a critical question about the future of Close Brothers. It has been the quintessential small bank. It has been run by a small club of like-minded managers who hold equity interests in the business and who have made money by carefully choosing safe, high-margin deals, while eschewing volume business.

Now after a decade of growth, and a recent rights issue and capital injection by Caledonia Investments, the investment arm of the Cayser family, Close Brothers' market capitalisation is pushing over £100m. Close Brothers, the small bank, is in danger of becoming big. Can it maintain the same management discipline as it tacks on new staff by way of acquisition and organic growth?

Roderick Kent, the managing director, insists that nothing has changed at heart. "We're very concerned to retain the ethic we have," he says. That consists of concentrating on an old-fashioned sort of high-quality, personalised, customer service, and searching for high-margin, low-volume business targeted at owner-managed, middle-sized companies.

Close Brothers is not interested in market-making. It shuns the temptation to back up its corporate finance advice to clients with a fee-earnings financial package. It does not underwrite share flotations, believing that this is not cost-effective.

Close Brothers scoffs at the accumulation of "tombstones," the big newspaper notices announcing the mega-deals on which most banks build their reputations. "It's the client's deal, not your deal," says Kent, rather diffidently.

"Our basic strategy is not to meet the competition head on because they are bigger than we are," he says. "We have deliberately inhibited our ambitions—not because we are not ambitious."

This seemingly timid approach to business would be easy to dismiss were it not for Close Brothers' enviable ability to earn money. Pre-tax profits along with realised and unrealised capital gains grew to £7.3m (£5.8m) in 1986, with a return on shareholders' funds of 27.4 per cent.

Its merchant banking income, Kent points out, has gone up every year and has not been subject to the lumpy fluctuations that have hit virtually every other bank.

In 1984 it took its only major strategic change of direction when it agreed to be taken over by Safeguard Industrial Investments, the investment trust. Close Brothers gained a stock exchange listing and gave its name to the new group.

Safeguard Investments, which lost its investment trust status in the deal, and thus certain tax advantages, is now the Close Brothers subsidiary that specialises in investing in unquoted companies. It manages an unquoted equity investment fund where, uniquely, it invests its own money—pound for pound—alongside money that it manages for institutions, which include big pension funds and insurance companies. In the year to July 1986, the Close Brothers investments showed a capital gains of 33 per cent.

Perhaps a better word than "specialist" for many of Close Brothers finance operations would be "arcane." Close Brothers deliberately seeks out areas of finance that are complex to the point of requiring industrial and legal specialists to arrange, and then takes an appropriately higher fee.

The acquisition in October 1986 of Air and General Finance is a good example. The company specialises in financing light twin-engined aircraft, a complex area in which the big banks operating on high volume and finer margins might not be attracted to setting up a specialist department. In any case, most of the market is now spoken for.

"An aeroplane is a wonderful thing," says Kent. Close Brothers insists on full collateral for all its loans and, even though aircraft fly about, it turns out that they are extremely easy to keep track of. All flight movements are logged, each machine has a complete maintenance record and is required by law to be kept in good operating condition.

"We don't lend for working capital overdrafts," says Kent. "Who knows what will be there when you pull the switch?"

Other businesses include a scheme for financing insurance premium payments, debt factoring and invoice discounting, property syndications, block discounting of receiveables, and stock financing.

One might think that a small bank like Close Brothers would become obsolete after the recent mergers and reorganisation in the financial services sector that in theory raise efficiency. But this has not happened.

"Big banks are frightfully good news for us," insists Kent. "Clients are rather suspicious about Big Bang — they don't know who owns whom anymore. I never believed that the agglomeration of financial businesses to this extent is what the clients want."

One result is that Close Brothers now finds very large companies coming in for confidential, one-off advice. Close Brothers makes no attempt to turn this into a broader business relationship, and does not take carrot work — underpricing its services in exchange for future business at higher margins.

Kent believes that companies are fundamentally suspicious of banks that claim to offer every service under the sun. How, he says his clients wonder, can they possibly offer the best service in all areas at once? Chinese walls may (or may not) be a bit too porous, and a big bank may be tempted to sell a range of its services that in the end are not appropriate to the client's needs.

Close Brothers merchant banking fees have continued to rise, says Kent, because the bank has maintained client confidence and provided long continuity of management.

"We do reckon that we've outlived most of the competition," he says, "the competition having been subject to takeovers and mergers and greater management turnover."

Most business comes to Close Brothers by word of mouth and this has resulted in a steady flow of new business proposals—about one a day.

Despite its growth — staff numbers are nearing the 100 mark—the bank still reckons that it is in no danger of losing the advantages that it feels it has enjoyed as a small, specialist operator. "Our bank is very small by any standards," says Peter Stone, executive director "Our margins are very high by any standards."

Beyond this, however, Close Brothers does realise that it is getting bigger and it is Jonathan Thornton, a relative newcomer who joined the group in a 1984 merger, who has the best explanation of the way the group is coping with the bigness that threatens to undermine its ethos.

"Decentralised divisions and management interests in those divisions," is how Thornton sums it up. The divisions themselves are small enough, with sufficient autonomy to preserve a small company feel to the place and the ownership of small minority stakes by management heightens the sense of belonging.

"In big organisations, people lose control over things that are important to them," says Kent.

Will the formula for high margin, low volume business continue to work as the organisation grows? Kent likes to repeat what he told Consolidated Goldfields, when asked if three men could really buy out a bank and make it work.

"Of course we don't know. We haven't done it yet," he says, adding, "we wouldn't get around to recruiting if we thought it was a problem."

It all sounds, rather quickly, as though you've heard it all before. But if the managers of Close Brothers tire the listener with the virtues of their approach to banking, it is also plain that belief in what they do is a key element in making it work.

Urban renewal

Enthusiasm is no substitute

Hazel Duffy reports that business principles should still apply

CONSULTANTS TO the Department of the Environment have warned that urban renewal schemes which rely heavily on public funding often lack flexibility.

The advice is contained in a report* published by the DoE on good practice in urban regeneration. The particular scheme, to convert a post-war clothing factory into a community centre with sports facilities and units for small firms, was launched by a residents' association in Sunderland, under the leadership of a local councillor.

Consultants to the scheme had pointed out that it is easy for such groups to forget to register for VAT as soon as possible in order to be able to reclaim the tax that is charged on materials and supplies, and that grants can sometimes be treated as income by the Inland Revenue and taxed if there is not sufficient expenditure to set against them in any financial year.

That particular scheme still ran into financial difficulties, despite careful planning. The conversion work, using Manpower Services Commission workforces, took longer than originally planned and anticipated income was delayed. A private developer who had been expected to refurbish one part of the building pulled out suddenly. The application for Urban Programme grant had been based on a conversion cost of £5.50 per square foot, but it was subsequently found that the architect thought that £7.50 would be required.

In the event, the scheme succeeded. As a local community project, still with the same councillor leading, and with some residents playing a part in the management of certain facilities like catering, it is unique.

The example, however, is timely. Britain is littered with the relics of its industrial past, whether from the Victorian age, between the wars, and, increasingly, post-war factories. At the same time, the nature of work is changing. The growing importance of self-employment and small firms means that low-cost work premises are increasingly in demand. Buildings like the clothing factory on the Pallion Industrial Estate in Sunderland can offer the solution.

The consultants' report to the DoE on the re-use of redundant buildings reports on 13 other test cases. The listed Briggait former fish market in Glasgow, for instance, now conserved and used for speciality shopping, is described as "a triumph of goodwill and public and private sector collaboration over conventional property development wisdom," and the Waterfront Hotel in Hull, a project involving the conversion of listed warehouses, is described as "an extreme example of the entrepreneurial approach," where the enthusiasm of one individual was largely responsible for the successful outcome.

Three essential requirements set down in the report for anybody contemplating conversion of industrial and commercial buildings are

- Adopt the appropriate development approach for the scheme;
- Make sure there is a committed driving force;
- pick a building that is basically suitable for conversion.

If these sound obvious, they may well bear repetition for novices in the game. Key recommendations are listed for the four main stages of such projects: incubation, negotiations, construction, and management, related to the test projects.

But best management practices, as the report endearingly admits, are "merely guidelines to help those who lack experience or confidence." And for those who might be put off completely, the consultants quote from another publication: "Looking back, was it worth all the effort? Rationally, no of course it wasn't . . . but how else could you make such a wonderful place nowadays?"

Two other reports, also published recently by the Stationery Office for the DoE, follow the same practical approach to urban regeneration through extensive case study material. They are: "Greening City Sites" and "Managing Workspaces." They, and "Re-Using Redundant Buildings"* all cost £11.95.

Business courses

Effective project management, London, September 22-23, and Birmingham, October 13-14. Fee: £460. Details from Ms J. K. Van Wycks, Seminar Division, Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT. Tel: 01-242 4111. Telex: 896827 TACS.

Maintenance management, Brussels. November 23. Fee: BFr 70,000 (non-members); BFr 63,000 (members). Details from: Management Centre Europe, Rue Caroly 15, B1040 Brussels, Belgium. Tel: 32 2 516 19 11. Telex: 21 917, 61 748.

Publishing for optimum profit, Budapest. November 25-28. Fee: SwFrs 920 (ESOMAR members); SwFr 1,110 (non-members). Details from Esomar Central Office, JJ Viottastraat 29, 1071 JP Amsterdam, The Netherlands. Tel: 020-64 21 41. Telex: 18535 ESMAR NL.

Japanese information, Warwick. September 1-4. Fee (Residential) £375 ($594); Fee (non-residential) £345 ($525). Details from British Library, Japanese Information Service, 25 Southampton Buildings, London WC2A 1AW. Tel: 01-323 7924. Fax: 01-323 7930/7495.

Superconductivity—the opportunities, implications and applications, London. October 19. Details from Miss S. Goodall, IBC Technical Services, Bath House (3rd Floor), Holborn Viaduct, London, EC1A 2EX. Tel: 01-236 4080. Telex: 888870.

Managing meetings, London. October 5. Fee: £175. Details from Course Organiser (GM3), Management Development Centre, City University Business School, Frobisher Crescent, Barbican Centre, London, EC2Y 8HB. Tel: 01-920 0111 ext 275. Fax: 01-588 2756.

Practical risk management, London. November 23-27. Fee: £675 plus VAT. Details from Joy Bamborough / Caroline Atkinson, Insurance & Reinsurance Research Group, Bridge House, 181 Queen Victoria Street, London EC4V 4DD. Tel: 01-236 2175. Telex: 881 1636.

Tax tactics for the property developer and investor, London. October 16. Fee: £258.75. Details from I.I.R., 44 Conduit Street, London W1R 9FB. Tel: 01-434 1017. Fax: 01-437 2336.

Financial Documentation: Instruments and Precedents, London. November 12 and 13. Fee: £460. Details from Longman Seminars, Longman Group UK, FREEPOST, London WC1N 3BR. Tel: 01-242 4111.

CONTRACTS

Chance to see TV studios in action

Bovis has been awarded a £5.8m management contract to create the "Granada Studios Tour" in Manchester. The new leisure attraction will provide the public with "hands on" experience of the workings of a TV studio and the production of TV films.

The area, in the grounds of Granada TV, includes an 1850 bonded warehouse (currently in use as a stage set, wardrobe and make-up facilities, dressing rooms and offices) and parts of the old Liverpool and Manchester railway.

A scenery-style facade will be erected in the lower yard beside the railway arches to create New York. The arches will house an American diner, merchandise store and an authentic New York hotel foyer. A 400-seat amphitheatre will be constructed above.

The project involves modernisation and structural alterations to the warehouse. Bovis will manage the installation of all the features on the tour.

Guided tours will go through converted railway vaults, explaining a TV production, special effects and costume and make-up departments.

Included is the "Giant Room" theme taken from the TV series Return of the Antelope, where all the components will be manufactured at four times normal size including the patterned carpets and wallpaper. Other features are "Los Angeles by night"; No 10 Downing Street; a "living jungle" and a Sherlock Holmes' interior.

The old railway, although no longer operative, runs into the warehouse and forms part of the boarding point for the tram tour. Trams will take visitors past the Sherlock Holmes Baker Street set, a border frontier, and on to the Coronation Street set. Visitors will be able to experience the House of Commons.

All the construction and conversion works will be co-ordinated to fit in with the filming schedules of Granada TV. Main construction has started and the project is due for completion in July 1988.

£30m Brighton leisure scheme

Construction has begun on the first phase of The Brent Walker Group's £30m hotel and leisure complex development at Brighton Marina. Due for completion in 1990, this stage of the development will comprise a new 400-bed, four-star hotel, aparthotel, health hydro, conference centre, sports hall and water theme park. The complex will also house a multi-storey car park and multi-screen cinema for which COSTAIN has been awarded the £8m contract. The rest of the complex goes out to tender in December.

It is 15 months since land reclamation began at Brighton Marina following its purchase for £13m by Brent Walker. This is now complete, including the construction of six promontories on which housebuilding will shortly begin.

Making Mersey pollution free

NORWEST HOLST has been awarded a £16.8m contract by Liverpool City Council — as agents to the North West Water Authority—for the first section of the main East Bank interceptor sewers, part of the Mersey Estuary pollution alleviation scheme. This forms part of a long-term project to reduce pollution levels in the River Mersey.

Work includes construction of about 2.5km of 2.44-metre finished internal diameter interceptor sewer—formed using a pressurised slurry shield—and access shafts with internal diameters from 4.5-6.5 metres and depths from 7-15 metres.

Included are six storm sewage overflow chambers and five outfall penstock chambers. A flow measurement and control system forms part of the work, and involves substantial mechanical and electrical installations. The scheme also features diversionary pipework taking cooling water from the Liverpool Daily Post and Echo building.

★

A six-year contract worth over £700,000 has been placed with ASSOCIATED HEAT SERVICES by the Property Services Agency. The contract is for a total maintenance package for the heating and ventilating systems at Kentigern House, a new Ministry of Defence building in Glasgow.

Refurbishing work in London

London building contractor R. MANSELL has been awarded contracts totalling over £9m for refurbishment, repair and maintenance work, including for the Post Office, a near £2m refurbishment of a 13-storey office block at Impact House, Edridge Road, Croydon. A near £2m office refurbishment and fitting out contract at Bechtel House, 245 Hammersmith Road, London SW6, is for Kodak. The work, which is due to be finished in October, includes building a raised computer floor. For Crusader Insurance, the company is undertaking a £600,000 office refurbishment and conversion of ground floor to shops of 11-13 Soho Street, W1. At 42-68 Kensington High Street, W8, £500,000 worth of external repairs and restoration will be made to Old Court, Kensington.

Internal and external refurbishment costing £420,000 of offices at 6-7, Ludgate Square, EC4, is for the Church Commissioners. At Fairfield Halls, Park Lane, Croydon, a £400,000 refurbishment of foyer area is underway for the London Borough of Croydon. The £350,000 conversion of cold stores to offices at a five-storey building 77a, Charterhouse Street, EC1, for R. A. T. Holdings, and the London School of Economics is having an enclosure to open courtyard at Houghton Street, WC2, constructed at a cost of £260,000.

Tesco superstore at York

TAYLOR WOODROW CONSTRUCTION (NORTHERN), Darlington, has been awarded a contract, worth about £9.5m, to build a Tesco superstore on the outskirts of York. It forms part of a retail development proposed by Tesco at Clifton Gate, which will also provide stores for W. H. Smith Do-It-All and ELS Furnishings, and is to be known as the Clifton Gate Centre. Work has already started and is due for completion in February 1988.

The 92,500-sq-ft superstore will contain sales areas, preparation rooms, bakery and coffee shop on the ground floor, with staff and plant rooms at mezzanine level, and will have a loading bay canopy. The contract also includes several small shop units ready for fitting out. External works include a petrol filling station, parking for 1,260 cars, service yards, paving, a pedestrian covered walkway, roads, services, landscaping and drainage.

DIARY DATES

Trade fairs and exhibitions: UK

Current
International Craft and Hobby Fair (04252 72711) (until August 25) **Wembley Conference Centre**

August 30-September 1
Scottish Industry and Commerce Trade Fair (0202 767073) **Scottish Exhibition Centre, Glasgow**

September 2-4
IBM System User Show and Conference (01-608 1161) **Olympia**

September 4-6
Money Show (0895 58431) **Aberdeen**

September 6-10
Autumn Gifts Fair (01-855 9201) **Olympia**

September 8-11
Offshore Europe Exhibition and Conference (01-549 5831) **Aberdeen**

September 8-19
Chelsea Antiques Fair (04447 2514) **Old Town Hall, Chelsea**

September 14-18
International Welding, Cutting and Metal Fabrication Exhibition — WELDEX (021-705 6707) **NEC, Birmingham**

September 20
Antiques Fair (01-883 7061) **Alexandra Palace**

September 26-October 1
Automotive Trade Show (01-235 7000) **Earls Court**

September 27-30
Harrogate Fashion Fair (01-637 2400) **Harrogate Exhibition Centre**

September 29-October 1
Fashion Fabrex Exhibition (01-385 1200) **Olympia**

October 1-3
"Building a Better Britain" Exhibition (01-724 5012) **Business Design Centre, London**

Overseas

Current
International Jewellery and Watches Exhibition — JEWELFAIR (01-464 4129) (until August 27) **Singapore**

August 22-26
International Autumn Fair (01-734 0543) **Frankfurt**

August 28-September 3
International Post and Telecommunications Exhibition — SINOPOSTAL (01-891 6461) **Shenzhen**

September 3-6
Specialised Fair for Clocks, Watches and Jewellery — JUWELIA (01-977 4551) **Vienna**

September 6-9
International Exhibition of Sports Goods and Leisure Equipment (01-225 5566) **Paris**

September 6-12
International Autumn Fair (01-240 7013) **Leipzig**

September 8-13
International Computer Technology and Communication Equipment Exhibition — TELECOMP (01-481 1951) **Beijing**

September 21-24
International Hotel and Catering Fair—IGAFA (01-486 1951) **Munich**

September 21-25
International Industrial Maintenance and Cleaning, Municipal Refuse Disposal and Destruction etc Trade Fair (01-741 4437) **Amsterdam**

September 29-30
Display and Incentives Exhibition (Dublin 900600) **Dublin**

October 6-10
Machine Tools Exhibition—FINNTEC (01-486 1951) **Helsinki**

Business and Management Conferences

September 7-8
IBC: Broadcast radio into the '90's (01-236 4080) **London Press Centre, EC4**

September 10
The Institute of Directors: Expansion through franchising (01-839 1233) **116 Pall Mall, SW1**

September 10-11
Financial Times: World Motor (01-621 1355) **Frankfurt**

September 10
Tolley Publishing: Your company pension scheme—time for action (01-680 5682) **London Press Centre, EC4**

September 15-16
Euromoney: Short term and medium term financing alternatives (01-236 3288) **St Regis Sheraton, New York**

September 16
IRRG: Financial services—today and tomorrow (01-236 2175) **The Brewery, EC2**

September 18
The Economist: The privatisation of the water industry (01-839 7000) **Marriott Hotel, London**

September 20-22
Metal Bulletin Conferences: Turkey's industrial minerals (01-330 4311) **Istanbul**

September 21-23
The Third International Asia-Pacific Petroleum conference (Singapore 7349385) **Singapore**

September 24
Tolley Conferences: Payroll manager's review—first annual updating (01-680 5682) **London Press Centre, EC4**

September 24-25
The Economist: Asian investment outlook: analysing the trends and assessing the opportunities (01-839 7000) **Grand Hyatt Hotel, New York**

September 25
Institute of Directors: Beating the competition — strategies of success in the 1990s (01-839 1233) **116 Pall Mall, SW1**

September 29
Information for Energy Group: Energy statistics (01-636 1004) **61 New Cavendish Street, W1**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no changes in the details published.

Finance

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Ferranti, Hotel Intercontinental, 1 Hamilton Place, W, 12.15
Gold, Greenless Trott, Le Meridien Piccadilly Hotel, W, 11.00
Moray Firth Exploration, 58 St James Street, SW, 12.00
Parkfield Group, The Brewery, Chiswell Street, EC, 12.00

BOARD MEETINGS—
Interims:
American Trust
Cambridge Electronic Inds.
Dewhirst (I. J.)
Edinburgh Fund Managers
Ericsson (L.M.)
Low and Bonar
Pleasurama
Sandvik
Scottish Eastern Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—
Aon Corpn 30 cts
Bank of Nova Scotia Fltg Rate Dbs 2085 $334.93
British Ever Ready 6pcLn 1992-93 3pc
Burton Group 8pcLn 1996-2001 4pc
Chamberlain Phipps 3.55p
Chelsea Man 2.1p
Christiania Bank Kreditkasse Fltg Rate Notes 1990 $25.28
Cons Freightways 22.5 cts
Feedback 1.25p
Health Care Services 0.9p
Murray Intnl 1.75p
Rothschild (J.) 3.5p
Royal Bank of Canada 50 cts. Fltg Rate Dbs 2005 $8.244792
S & U Stores 2.5p

TOMORROW

COMPANY MEETINGS—
Hogg Robinson, 1 Portsoken Street, E 11.00

BOARD MEETINGS—
Finals:
Douglas (R. M.)
Ewart New Northern
First Scottish American Tst.
Flogas
Murray Income Tst.
Interims:
AGA
Bank of Nova Scotia
Evans Halshaw
Hongkong & Shanghai Banking
McAlpine (Alfred)
Murray Intnl. Tst.
Pentland Inds.
Phicom

DIVIDEND & INTEREST PAYMENTS—
Aluminium Co of America 30 cts
Eaton Corpn 30 cts
Exchequer 12¼pc 1992 6⅛pc
Ranks Hovis McDougall 8¼pcLn 1990-94 4.0625pc. 8⅞pcLn 1991-95 4.4375pc
Scantronic Hldgs 1.4p
Tribune Invest Trust 0.65p

WEDNESDAY AUGUST 26

COMPANY MEETINGS—
Allied Colloids, Cleckheaton Road, Low Moor, Bradford, 12.00
WCRS, 172 Drury Lane, WC, 2.30

BOARD MEETINGS—
Finals:
AGB Research
Trans-Natal Coal
Interims:
Braime (T. F. & J. H.)
Church & Co.
Ex-Lands
Glynwed Intnl.
Gold & Base Metal Mines
Jones (A.)
Northern Engineering Inds.
Palma
Pearl
President Entertainment
Renaissance
Steel Burrill Jones
Waterford Glass
Wessanen

DIVIDEND & INTEREST PAYMENTS—
Bank of Tokyo Fltg Rate Notes 1990 £112.84
Batleys 1.8p
Commerzbank Overseas Finance Fltg Rate Notes 1989 $194.66
Dawson Intnl 4.0p
First Chicago Overseas Finance Fltg Rate Notes 1994 $199.65
First National Finance 3p
Korea Development Bank Fltg Rate Notes 2001 $345.66
Lloyds Bank Fltg Rate Notes $199.65. Fltg Rate Notes 1996 £113.42
Merrill Lynch 25 cts
Morgan Grenfell Primary Cap $351.94
New Brunswick Fltg Rate Notes May 1994 C$22.68
Toothill (R. W.) 5.25p
Treasury 10pc 2001 5pc

THURSDAY, AUGUST 27

COMPANY MEETINGS—
British Gas, National Exhibition Centre, Birmingham, [illegible]
[illegible]

Scottish and Newcastle Breweries, King James Thistle Hotel, St James Centre, Edinburgh, 10.30.
Tex Hldgs, Great Eastern Hotel, Liverpool Street, EC, 12.00
Vinten Group, Angel Hotel, Bury St Edmunds, 12.00

BOARD MEETINGS—
Finals:
Jos Hldgs.
News Intl.
Press Tools
Trent Hldgs.
Interims:
AMEC
Allida
Anglo American Ind.
Barker (Charles)
Barr & Wallace Arnold Tst.
Edinburgh Oil & Gas
Fisher (James)
Ladbroke
Lec Refrigeration
Marley
Refuge

DIVIDEND & INTEREST PAYMENTS—
Creditanstalt Bankverein Fltg Rate Notes 1996 $163.4
Daily Mail and General Trust 21p. A N-vtg 21p
Drayton Far Eastern Invest Trust 0.4p
Hill Samuel Finance Fltg Rate Notes 1996 $333.09
London Invest Trust 0.96p
National Australia Bank Fltg Rate/High Initial Spread Notes 1993 $499.64
Neste Oy Fltg Rate Notes 1994 $329.95
Scottish and Mercantile Invest Trust 3.6p. A N-vtg 3.6p
Throgmorton Trust 2.75p
Treasury 9½pc 2002 4¾pc

FRIDAY AUGUST 28

COMPANY MEETINGS—
AIM Group, Great Eastern Hotel, Liverpool Street, EC, 12.00
Cowan de Groot, Great Eastern Hotel, Liverpool Street, EC, 12.00
Creighton Laboratories, Abingworth Hall, Storrington Road, Thakeham, Pulborough, 11.30
Freshbake Foods, Butchers Hall, 87 Bartholomew Close, EC, 11.00
ML Hldgs, Savoy Hotel, Strand, WC, 12.00
Norbain Electronics, Post House, 500 Basingstoke Road, Reading, 12.00
Wassall (J. W.), 21 Brunswick Street, Leicester, 2.30

BOARD MEETINGS—
Finals:
Hiecag Estate
Royal Tst Government Secs. Fund
Interims:
Ayrshire Metal Products
Macdonald Martin Distilleries
Weir

DIVIDEND & INTEREST PAYMENTS—
Alexon Group 4p
Allied Colloids Group 2.75p
Appletree 1p
Bank Leumi (UK) 3.9p. New 2.04p
Bulgin (A. F.) 0.1p. A N-vtg 0.1p
Cater Allan US Dollar Inc Pf 17 cts
Chase Manhattan Fltg Rate Sub Notes 1997 $191.16
Chemical New York Fltg Rates Senior Notes 1999 $52.99
Cigna Overseas Finance 13pcLn 2008 6.5pc
Coated Electrodes Int 2.6p
Cohen A 8.4p. N-vtg A 8.4p
Domino Printing 1.2p
Dwek Group 0.5p
Eldorado Nuclear Fltg Rate Notes 1999 $162.73
Electricite de France 12½pcLn 2006 12½pc
Elliott (B.) 2p
Empresas La Moderna de CV Fltg Ln Rate Notes 1988 $404.44
Freshbake Foods 1.6p
Grand Central Invest Hldgs 0.3p
Great Western Financial 18 cts
Gresham House 3p
Halifax Bldg Society Fltg Rate Ln Notes 1996 (Series A) £36.80
Hambro Currency Distributor Pf (Sterling) 42p, (US$) 32.9 cts, (SFr) SFr 0.187, (DM) DM 0.382, (Yen) Y21.3
Illingworth Morris 2.75p
Invicta Gilt Growth Fund Pf 15p
Italy Fltg Rate Notes 2005 $53.47
Korea Exchange Bank Fltg Rate Notes 1994 £114.53
Lanca 0.55p
Lancs and London Invest Trust 1p
London and Assoc Invest Trust 0.2p
Investment 5pcPf 1.75p
Murray Technology Invests 0.4p
Nat West Bank 9p. 7pcPf 2.45p
Panama Fltg Rate Notes 1990 $150.4
Parkfield Group 2p
Scapa Group 4.71p
Securiguard 1.7p
Security Services 4½pcPf 1.575p
Splash Products 1.1p

WORLD STOCK MARKETS

AUSTRIA

1987 High	1987 Low	Aug. 21	Price Sch%
2410	1990	Creditanstalt	2115
3500	2460	Goesser	3120
13200	10,800	Interunfall	12300
14,000	7050	Jungbunzlauer	8900
2160	1740	Laenderbank	1960
780	565	Perlmooser	725
167	108	Steyr-Daimler	121
1113	690	Veitscher Mag	820

BELGIUM/LUXEMBOURG

1987 High	1987 Low	Aug. 21	Price Frs.
3465	2900	B.B L.	3390
16090	14850	Banque Gen. Du L.	14875
15200	14300	Bank Int. A	14300
13175	9000	Bekaert B	12200
6600	3900	Ciment CBR	6450
186	131	Cockerill	177
4650	2700	Delhaize	4580
5500	4685	EBES	5210
2700	1320	Fabrique Nat.	1535
1440	926	GB Inno BM	1338
4525	3430	GBL (Brux) L	4330
6850	6080	Generale Bank	6600
9260	6000	Gevaert	8700
9100	6680	Hoboken	8450
4510	3765	Intercom	4180
4900	4040	Kredietbank	4720
13500	10,650	Pan Holdings	13400
14125	9210	Petrofina	14125
1870	1520	Raffinerie Tirle	1825
8000	5000	Royale Belge	6230
4195	3115	Soc Gen Belge	4000.00
16350	10375	Sofina	16175
15550	8270	Solvay	15000
550	185	Stanwick Intl.	550
8550	6280	Tractebel	8350
11950	8900	UCB	11575
6000	5160	Wagons Lits	5950

DENMARK

1987 High	1987 Low	Aug. 21	Price Kr %
1100	720	Baltica Skand.	1060.00
299	248	Cop Handelsbank	267.00
410	280	D. Sukkerfab	311.00
375	309	Den Danske Bank	360
228	160	East Asiatic	202.00
980	805	Forenede Brygg	935
357	226	GNT Holding	255.00
855	695	I.S.S.B. Systems	850.00
575	455	Jyske Bank	500
298	233	Novo Inds.*	233.00
295	243	Privatbanken	274.00
995	675	Sophus Berendsen	995.00
254	149	Superfos	238.00

FINLAND

1987 High	1987 Low	Aug. 21	Price Mka
260	148.5	Amer	254.5
56.45	43.75	KOP	56.35
254.5	184	Kone	245
118	85.5	Finnish Sugar	91.75
226	132.5	Nokia	219.5
112.5	69	Pohjola 'B'	112.5
37	19	Rauma-Repola	34.75
272.5	137.5	Stockmann 'B'	265.5
36.75	28.8	UBF 'C'	35.7
169.5	150	Utd. Paper	166.5
252	155.5	Wartsila (s11)	252

FRANCE

1987 High	1987 Low	Aug. 21	Price Frs.
1985	1515	Emprunt 4½% '73.	1905
9615	6600	Emprunt 7% 1973	9050
573	446	Accor	464.50
632.5	502.5	Agence Havas	535.00
768	660	Air Liquide	675
3005	2190	Alcatel	2377
868	666	BIC	735
619	518	BNP (Cert. Inv.)	534
3000	2380	Bongrain	2949
5220	990	Bouygues	1199
5200	4150	BSN Gervais	4985
3895	3080	Carrefour	3321
746	572	Club Mediterranee	657.00
1185	627	Cie Bancaire	690
407	320	Cofimeg	325
347	315	CGE	335.00
3150	2360	Damart	3070
545	379	Darty	433
1280	956	Dumez S A	1100
1543	1136	Eaux (Cie Gen)	1255
398	314	Elf-Aquitaine	358.00
4230	3219	Essilor	3880
1380	1069	Gen. Occidentale	1075
174.9	84.6	Imetal	171.20
1760	1326	Lafarge Coppee	1627
4053	3154	L'Oreal	3860
2990	2179	Legrand	2760.00
196.5	60	Maisons Phenix	68
2865	2045	Matra S.A.	2100
384	245	Michelin B.	338
1734	1187	Midi (Cie)	1240
2980	2200	Moet-Hennessy	2980
119	65	Moulinex	70
229	152.5	Nord Est	158.60
549	426	Paribas	428.00
1186	933	Pernod Ricard	980.00
849	716	Perrier	841
558	400	Petroles Fra.	430
1678	1132	Peugeot S.A.	1559
810	456	Printemps Au	748
1758	995	Radiotech	1635
3600	2475	Redoute	3200
1925	1401	Roussel-Uclaf	1478
494	390	St. Gobain	481.00
500	430	Sefimeg	430
1563	1140	Skis Rossignol	1198
3640	2650	Telemech Elect	3300
1745	1206	Thompson (CSF)	1220
645	502	Valeo	645.00

SINGAPORE

1987 High	1987 Low	Aug. 21	Price $
2.42	1.25	Boustead Hldgs	2.10
8.45	4.25	Cerebos Pacific	8.00
5.25	3.5	Cold Storage	5.25
17	9.05	DBS	16.50
8.8	6.15	Genting	7.05
6.55	2.58	Haw Par Bros	6.10
5.05	2.71	Hong Leong Fin.	4.66
6.95	2.72	Inchcape Bhd	6.40
4.46	2.74	Keppel Shipyard	4.16
9.05	5.15	Malay Banking	8.20
3.02	1.16	Malayan Utd. Ind.	2.79
1.02	0.39	Multi Purpose	0.75
11.3	6.9	OCBC	10.50
6.3	3.22	OUB	5.70
3.28	1.17	Public Bank	2.98
3.9	1.93	Sime Darby	3.50
14.9	9.25	Singapore Air	14.50
10.3	7.6	Singapore Press	10.30
5.95	3.06	Straits Trading	5.75
4.88	2.82	Tat Lee Bank	4.58
8	4.18	UOB	7.85

GERMANY

1987 High	1987 Low	August 14	Price Dm.
360.2	280	AEG	351.80
2220	1553	Allianz Vers	2108
342.8	239	BASF	338.80
364	274	Bayer	356.30
563	365	Bayer-Hypo	510.00
523	375	Bayer-Verein	489.00
543	390	BHF-Bank	485.00
760	455	BMW	755.00
366	270	Brown Boveri	362.00
312	244.5	Commerzbank	302.00
374	269	Cont'l Gummi	374.00
1220	920	Daimler-Benz	1154.00
579	420	Degussa	540.00
254	200	D'sche Babcock	244.00
790	571	Deutsche Bank	701.50
381	286	Dresdner Bank	364.50
350.5	268	Feldmuehle Nobel	336.00
582	458	Henkel	555.50
1110	612	Hochtief	733.00
344	240	Hoechst	332.20
137.9	88	Hoesch Werke	136.00
555	367	Holzmann (P)	462.00
293	201	Horten	247.00
656	507	Hussel	651.00
560	403	Karstadt	555.00
537.5	447	Kaufhof	503.50
200	142	KHD	194.50
163.5	130	Kloeckner Werke	143.00
795	589	Linde	770.00
215.5	122	Lufthansa	193.50
200.9	148	MAN	199.50
187.5	142	Mannesmann	185.50
1055.5	740	Mercedes Hld.	1024.50
395	250	Metallgesell	380.00
2700	1550	Muench Rueck	2070
866.5	687	Nixdorf	852.50
1025	815	Porsche	1000.00
206	145	Preussag	204.00
266.5	186	Rhein West Elect.	266.50
346	238	Rosenthal	288.00
691	524	Schering	626.00
747.5	620	Siemens	675.00
142	109	Thyssen	138.00
375	311	Varta	360.00
333	252	Veba	321.20
176	139.5	V E.W.	172.50
486	375	Verein-West	463.00
430	312	Volkswagen	402.00

NETHERLANDS

1987 High	1987 Low	Aug. 21	Price Fls.
66.8	55.5	ACF Holding	66.80
100.8	78	AEGON	99.10
112	91.2	Ahold	109.80
175.8	127.3	AKZO	175.80
530	444	ABN	505.50
75.4	58.2	AMEV	69.30
90.5	70	AMRO	89.00
61	48.2	Buehrmann-Tet	60.50
270	195.5	Dordtche Petroleum	250.50
70	46	Elsevier Ndu	62.50
62	44	Fokker	54.70
53.5	39	Gist Brocades	53.00
198	145	Heineken	191.70
49.8	29.7	Hoogovens	47.00
65.2	48.4	Hunter Douglas	63.50
24	16.6	IHC Calland	22.90
71.5	59	Int Mueller	70.50
57.4	35.1	KLM	56.00
169.8	133.5	KNP	167.50
81.7	66	Nat Ned Cert.	80.40
197	153	Ned Mid Bank	175.40
197	128.5	Ned Lloyd	180.00
476	380	Oce Grinten	465.00
41.6	34	Ommeren (Van)	39.00
88.9	60	Pakhoed	87.50
56.3	43	Philips	53.10
116	94	Robeco	113.50
146.8	137.6	Rodamco	141.90
109.9	82.8	Rolinco	106.90
52.6	49.6	Rorento	52.20
297.2	207.8	Royal Dutch	278.50
692.3	135	Unilever	144.00
28	22.5	VMF Stork	26.00
97.5	68	VNU	95.50
97.5	73	Wessanen	93.30
140	106.5	Wolters Samsom	127.00

NORWAY

1987 High	1987 Low	Aug. 21	Price Kroner
79	57	Aker-Norcem	76.50
215	169	Bergen bank	209.00
442	260	Bergesen B	430.00
225	176	Christiania Bk	220.00
208	148	Den Norsk Credit	183.00
144.5	86.5	Elkem	140.50
161	128.5	Kosmos	150.50
250	170	Kvaerner	248.00
280	204	Norsk Data	279.00
263	131	Norsk Hydro	244.00
4705	368	Orkla Borregaard	527.50
386	290	Storebrand	382.00

SPAIN

1987 High	1987 Low	Aug. 21	Price Pts. %
1680	1275	Banco Bilbao	1580.00
1165	970	Banco Central	1080.00
650	385	Banco Exterior	475.00
630	450	Banco Hispano	616.00
1900	1395	Banco Popular	1800.00
1372	930	Banco Santander	1274.00
1860	1067	Banco de Vizcay	1860.00
1025	610	Banesto	1010.00
870	450	Dragados	800.00
113.2	52.2	Hidrola	83.20
169.2	84.2	Iberduero	124.70
658	375	Petroleos	627.00
253	146.5	Telefonica	230.00

SOUTH AFRICA

1987 High	1987 Low	Aug. 21	Price Rand
4.2	2.75	Abercom	2.90
19.25	14.5	AE & CI	16.50
180	92	Allied Tech.	180.00
43	33	Anglo Am Coal	36.75
90.75	67	Anglo Am Corp	88.50
415	308	Anglo Am Gold	408.50
25	18.25	Barclays Bank	21.25
27.5	18.9	Barlow Rand	27.00
81.75	65	Buffels	75.50
6	2.9	CNA Gallo	6.00
7.4	5	Currie Finance	5.20
55	35.75	De Beers	52.75
94.5	66.5	Driefontein	91.00
63	48	Freegold	56.25
96	57	Gold Fields SA	96.00
7.7	4.9	Highveld Steel	7.70
23.5	17	Malcor Hldgs	22.85
8.55	6.2	Nedbank	7.85
20	13	OK Bazaars	19.00
15.5	10	Rembrandt	13.50
63	44.87	Rust Plat	59
35	17.5	Safren	32.25
20	10	Sage Holdings	19.25
25	15.3	SA Brewers	24.50
45.5	29.75	Smith (C.G.)	45.50
15.1	7.75	Tongaat Hulett	15.00

AUSTRALIA

1987 High	1987 Low	Aug. 21	Price Aust$
4.65	2.55	ACI Int.	4.50
4	1.8	A.F.P.	4.00
14.5	7.9	Adelaide Steam.	8.40
5.2	4.15	Amcor	5.10
4.86	2.8	ANZ Group	4.80
3.67	2.65	Ampol Pet	3.45
3.75	2.43	Ariadne Aust	2.70
4.7	2.7	Ashton	3.80
3.12	2.25	Aust Guarant	2.90
2.2	1.05	Aust Nat Inds	2.14
9.6	7.1	Bell Group	9.40
6.4	4.05	Bell Resources	5.30
2.85	1.67	Bond Corp Hldgs.	2.64
6.2	4.35	Boral	6.16
5.7	3.1	B'ville Copper	4.70
11.2	6.95	Brambles Inds	10.90
1.95	0.85	Bridge Oil	1.70
10.55	7.75	BHP	10.05
1.9	1.2	BHP Gold	1.67
5.56	3.77	Burns Philp	5.54
11.6	6.4	CRA	10.20
4.35	3.55	CSR	3.93
5.8	2.55	Chase Corp	4.10
1.85	0.7	Claremont Petro.	1.05
8.24	6	Coles Myer	8.20
5.5	2	Comalco "A"	5.04
0.74	0.16	Consolidated Pet	0.23
3.8	2.05	Costain Aust	3.35
5.9	4	Elders IXL	5.90
3	1.55	Energy Res	2.80
3.4	2.13	Gen Prop Trust	3.40
4.95	3.42	Goodman Fielder	4.76
4.55	2.8	Hardie (J)	4.50
5.1	2.6	Hartogen Energy	3.00
5.24	2.7	ICI Aust	5.20
6	4.35	Industrial Equity	5.62
0.87	0.38	Jimberlana (50cFP)	0.65
14.06	10	Jones (David)	11.10
1.45	0.85	Kia Ora Gold	1.05
9.8	5.9	Kidston Gold	7.30
17.5	8.4	Lend Lease	17.10
3.65	1.45	MIM	3.35
5.84	3.9	Mayne Nickless	5.74
5.5	3.9	Nat. Aust. Bank	5.42
25	17	News	21.50
4.8	3.1	Noranda Pacific	4.45
4.4	1.91	North Bkn Hill	3.90
1.11	0.53	Oakbridge	0.58
5.56	3.5	Pacific Dunlop	5.54
4.5	2.68	Pancont'l	4.05
4.73	3.05	Pioneer Conc	4.40
4.75	2.1	Placer Pacific	3.95
7.4	2.7	Poseidon	6.70
1.7	0.98	Queensland Coal	1.57
7.8	3.85	Santos	7.04
5.5	4.18	Smith (H)	4.90
89.92	3.16	Thos Nalwide	5.62
8.1	5.75	Tooth	8.10
4.05	2.55	Vamgas	3.90
10	3.51	Western Mining	9.56
6.04	4.4	Westpac	6.00
2.68	1.55	Woodside Petrol.	2.30
4.1	3.1	Woolworths	3.55
4.4	2.5	Wormald Intl	3.35

SWITZERLAND

1987 High	1987 Low	Aug. 21	Price Frs.
13325	8,725	Adia Intl.	13100
910	430	Alusuisse	910
4140	2925	Bank Leu	4040
3150	1,570	Brown Boveri	3045
4040	2,920	Ciba Geigy	3975
2855	2,000	do. (PtCts)	2730
3,840	1900	Credit Suisse	3425
4050	3400	Elektrowatt	3900
1990	1370	Fischer (Geo.)	1740
151,000	111,000	Hoff-Roche (Pt Cts)	147000
15100	11,950	Hoff-Roche 1/10	14750
10100	7,900	Jacobs Suchard	9850
4,130	3275	Jelmoli	3875
1,880	1500	Landis & Gyr	1810
10900	8,625	Nestle	10700
1690	1,110	Oer-Buhrle	1690
2430	2,050	Pargesa Hldg	2410
460	389	Pirelli	424
15125	10,300	Sandoz (Br)	14850
2600	1,550	Sandoz (PtCts)	2460
890	590	Schindler (PtCts)	890
1,750	775	Sika	775
8,950	6010	Surveillance	6940
1490	1,080	Swissair	1450
572	421	Swiss Bank	519
20,300	15200	Swiss Reinsce	18300
2,788	1960	Swiss Volksbk	2305
6,120	4350	Union Bank	5130
7,500	5,800	Winterthur	7000
7,917	5875	Zurich Ins	7575

SWEDEN

1987 High	1987 Low	Aug. 21	Price Kroner
223	142	AGA (free)	214
343	261	Alfa-Laval	341
453	286	ASEA (Free)	433
300	200	Astra (Free)	282
198	140	Atlas Copco	197
240	136	Beijer A Fria	231
360	143	Cardo (Free)	295
380	235	Cellulosa	342
331	274	Electrolux B	313
298	189	Ericsson	268
201	124	Esselte	192
442	210	Mo Och Domsjo	442
261	187	Pharmacia	223
279	208	Saab-Scania (free)	260
220	135	Sandvik	217
214	110	Skandia Ins.	214
309	229	Skandia Intl.	291
148	104	Skan Enskilda	148
397	310	SKF	369
411	269	St. Kopparbergs	411
537	380	Svka Handelsbn.	537
116	82	Swedish Match	114
379	261	Volvo B (Free)	377

ITALY

1987 High	1987 Low	Aug. 21	Price Lire
6950	2885	Banca Com'le	2910
715	460	Bastogi-IRBS	473.00
7155	5320	CIR	5320
3650	1752	Credito Italian	1828
17163	10600	Fiat	10650
141200	120525	Generali Assicur	122150
113,925	72000	Italcement	108000
1340	960	La Rinascenti	1049
2968	2145	Montedison	2209
14700	10900	Olivetti	11150
7840	5770	Pirelli Co	5770
5750	4300	Pirelli Spa	4312
4360	3499	Saipem	3640
4895	3273	Snia BPD	3280
35500	27190	Toro Assic.	27780

JAPAN

1987 High	1987 Low	Aug. 21	Price Yen
4100	1890	Ajinomoto	3480
1,990	1020	All Nippon Air	1950
2840	1320	Alps Electric	2480
1280	770	Asahi Chemicals	1270
2180	1310	Asahi Glass	2020
1900	1040	Bank Tokyo	1690
1240	602	Bridgestone	1130
694	545	Brother Inds.	676
1220	691	Canon	1090
1410	861	Casio Computers	1250
2010	1340	Chugai Pharm	2010
2130	1190	Daiei	2130
4160	1950	Dai Ichi Kan Bank	3480
832	603	Dai Nippon Ink	832
2400	1700	Dai Nippon Ptg	2370
2630	1760	Daiwa House	2200
3930	1750	Daiwa Sec	3250
2380	1710	Eisai	2310
6660	386	Fanuc	6050
4220	2860	Fuji Bank	3530
4970	2730	Fuji Film	4480
2360	1750	Fujisawa	2350
1400	700	Fujitsu	1260
2070	479	Furukawa Elect.	829
3170	2230	Green Cross	3100
2230	1600	Heiwa Real Est	2030
1380	860	Hitachi	1220
2080	1500	Hitachi Credit	1720
1790	1140	Honda	1620
5400	2560	Indl Bank Japan	4330
769	406	Ishikawajima Ha	675
438	310	Isuzu Motors	405
1030	675	Itoh (C)	739
4300	3210	Ito Yokado	4180
16800	1200	JAL	15000
1780	1050	Jusco	1640
2130	1460	Kajima	1840
2180	1650	Kao Soap	2160
310	175	Kawasaki Steel	310
3090	1600	Kirin	2600
349	156	Kobe Steel	280
690	474	Komatsu	651
950	571	Konishiroku	845
678	348	Kubota	610
1340	998	Kumagai	1110
6680	3560	Kyoto Ceramic	6190
620	440	Marubeni	513
3610	2500	Marui	3360
452	330	Mazda Motors	435
1960	880	Meija Seika	1170
2700	1610	MEI	2300
4200	2010	M'bishi Bank	3440
1270	731	M'bishi Chem	1170
1640	960	M'bishi Corp	1290
680	408	M'bishi Elec.	609
3490	2380	M'bishi Estate	2700
662	430	MHI	634
3030	1310	Mitsui Bank	2720
930	530	Mitsui Co.	786
3100	1850	Mitsui Estate	2420
804	335	Mitsui Toatsu	729
1840	1020	Mitsukoshi	1730
1,040	807	NGK Insulators	981
3120	1510	Nikko Sec.	2680
1670	1050	Nippon Denso	1520
2200	1400	Nippon Elect.	1920
1610	1040	Nippon Express	1300
1930	1270	Nippon Gakki	1800
1230	600	Nippon Kogaku	1100
367	230	Nippon Kokan	307
1510	1120	Nippon Oil	1370
659	439	Nippon Seiko	608
1470	1000	Nippon Shimpan	1370
398	171	Nippon Steel	354
675	460	Nippon Suisan	620
691	443	Nippon Yusen	598
765	530	Nissan Motor	719
1450	728	Nisshin Flour	1310
5900	2920	Nomura	4920
1390	948	Olympus	1150
865	540	Onoda Cement	865
2250	1010	Orient Finance	1580
4360	15	Orient Leasing	3920
3300	1600	Pioneer	3130
1290	700	Ricoh	1190
2050	1610	Sankyo	1910
3610	2630	Sanwa Bank	3290
580	361	Sanyo Elect.	515
2233	1233	Sapporo	2000
2640	1660	Sekisui House	2400
8490	7850	Seven-Eleven	8150
1340	816	Sharp	1190
1190	723	Shimizu Const.	1000
1980	1550	Shionogi	1730
2,350	1680	Shiseido	2240
710	362	Showa Denko	680
5410	2720	Sony	4960
4930	2560	S'tomo Bank	4100
970	395	Sumitomo Chem	914
1120	930	Sumitomo Corp	1060
1870	1460	S'tomo Elect	1670
270	140	S'tomo Metal	257
1350	892	Taisei Corp	1110
1570	971	Taisho Marine	1350
1900	780	Taiyo Kobe Bank	1660
3630	2640	Takeda	3290
5650	2660	TDK	4950
906	660	Teijin	906
2250	1620	Toa Nenryo Kyo	2080
2600	1180	Tokai Bank	2500
2890	1810	Tokyo Marine	2310
9350	5600	Tokyo Elect Pwr	6830
1570	925	Tokyo Gas	1170
2100	1270	Tokyo Corp	1600
1780	1430	Toppan Print	1620
820	555	Toray	820
796	585	Toshiba Elect.	653
3050	1910	Toyo Seikan	2870
2240	1460	Toyota Motor	2010
530	258	UBE Inds.	474
3380	1690	Victor	3000
900	603	Yamaha	841
3100	1500	Yamaichi Sec	2690
4900	3630	Yamanouchi	4790
1900	1490	Yamazaki	1620
1560	935	Yasuda Fire	1260

HONG KONG

1987 High	1987 Low	Aug. 21	Price H.K.$
38	17.5	Bank East Asia	32.50
7.55	4.9	Cathy Pacific	7.30
13.8	8.8	Cheung Kong	13.00
27.4	17.5	China Light	25.90
0.98	0.58	Evergo	0.91
16.9	10.2	Hang Lung	16.70
49.5	26	Hang Seng Bank	46.75
7.65	3.9	Henderson Land	6.90
24.8	15.3	Hong Kong China	20.10
11.5	6	HK Electric	9.40
8.3	5.1	HK Land	7.65
11	7.4	HK Shanghai Bank	10.30
15.5	11.3	HK Telephone	13.30
14.7	11.3	Hutchison Wpa	13.80
28.3	17.2	Indust Equity P	26.70
21.3	13.1	Jardine Math	19.90
14.8	8.1	New World Dev	13.90
19.7	9.25	SHK Props	17.80
1.81	1.12	Shell Elec. Mfg.	1.75
25.7	15.5	Swire Pac A	24.30
17.6	8.45	TV-B	16.80
9.9	7.5	Wharf Hldgs	9.35
19.4	8.4	Windsor Ind.	18.20
4.62	3	World Int Hldgs	4.42

NOTES - Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices August 21

MONTREAL

Closing prices August 21

F=No voting rights or restricted voting rights.

al Sales 12,265,011 shares

OVER-THE-COUNTER

Nasdaq national market, Closing prices, August 21

Continued from Page 25

Indices

NEW YORK

DOW JONES

	August 21	August 20	August 19	August 18	1987 High	1987 Low	Since compilation High	Since compilation Low
◆Industrials	2709.50	2076.79	2665.82	2654.66	2709.50 (21/8)	1927.31 (2/1)	2709.50 (21/8/87)	41.22 (2/7/32)
Home Bonds	88.08	88.00	87.76	87.72	95.51 (9/2)	87.07 (22/5)	— (—)	— (—)
Transport	1086.67	1080.74	1075.87	1075.47	1101.16 (14/8)	816.38 (2/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	210.59	211.06	209.16	209.64	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

◆Day's High 2735.49 (2714.60) Low 2689.09 (2665.98)

STANDARD AND POOR'S

	August 21	August 20	August 19	August 18	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	335.90	334.84	329.83	329.25	335.90 (21/8)	246.45 (2/1)	335.90 (21/8/87)	4.40 (1/6/32)
Industrials	392.34	390.98	384.75	383.81	392.34 (21/8)	274.58 (2/1)	392.34 (21/8/87)	3.62 (21/6/32)
Financials	32.25	32.27	31.86	31.87	32.41 (13/8)	25.97 (29/5)	32.41 (13/8/87)	8.64 (1/10/74)
NYSE Composite	187.51	187.04	184.38	184.12	187.51 (21/8)	141.01 (2/1)	187.51 (21/8/87)	4.46 (25/4/42)
Amex Mkt value	363.47	360.89	358.07	357.98	365.01 (13/8)	267.49 (2/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	455.20	452.75	447.95	446.76	455.20 (21/8)	353.26 (2/1)	455.20 (21/8/87)	54.87 (3/10.72)

	Aug 14	Aug. 7	July 31	year ago (approx)
Dow Industrial Div. Yield	2.54	2.62	2.68	3.65

	Aug 20	Aug 13	Aug. 6	year ago (approx.)
S and P Industrial Div. Yield	2.25	2.33	2.32	2.95
S and P P/E ratio	23.69	23.92	24.62	18.34

TRADING ACTIVITY † Volume

Millions	Aug. 21	Aug. 20	Aug. 19
New York	189.58	197.423	181.913
Amex	12,991	13,730	11,020
OTC	—	158,191	134,075

NEW YORK	Aug. 21	Aug. 20	Aug 19
Issues Traded	2,011	1,987	1,993
Rises	809	1,234	775
Falls	770	399	735
Unchanged	432	354	483
New Highs	—	106	53
New Lows	—	11	22

CANADA

TORONTO

	August 21	August 20	August 19	August 18	1987 High	1987 Low
Metals & Minerals	3336.9	3343.3	3332.9	3362.2	3483.6 (4/8)	1988.2 (2/1)
Composite	4040.8	4046.5	4017.0	4032.6	4112.9 (13/8)	3067.8 (2/1)
MONTREAL Portfolio	2015.22	2025.20	2004.94	2014.31	2224.77 (16/7)	1534.3 (2/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day	Friday	Stocks traded	Closing Price	Change on day
ACN Gav	2,523,400	12		Niag Mohwk	2,219,000	15⅛	
Smithkline	3,525,700	65⅛	−5⅛	Phil Elec	2,089,900	21½	+½
ATT	2,927,500	34⅛	−⅛	Nabisco RJR	2,018,900	64⅞	+2⅞
Gen Elec	2,530,600	65⅝	−⅛	Minnpwr	1,979,500	81⅝	+3⅛
IBM	2,267,800	174⅛		Union Carb.	1,843,300	29⅞	+⅞

	Aug. 21	Aug. 20	Aug. 19	Aug. 18	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2087.6	2085.2	2103.1	2108.5	2114.5 (14/8)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1342.6	1359.6	1384.9	1392.6	1453.3 (4/8)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	211.88	213.26	214.66	214.49	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5380.1	5352.40	5365.60	5408.80	5415.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	—	211.06	211.70	211.37	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	627.9	626.1	625.0	619.8	227.9	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	411.4	409.80	406.80	411.80	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	107.0	105.90	105.10	105.90	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	660.89	660.19	656.97	668.02	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	2031.60	2029.40	2022.20	2059.20	2061.10 (17/8)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3446.59	3408.01	3450.64	3504.87	3557.43 (12/8)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	615.36	616.24	607.15	611.57	767.34 (30/4)	607.15 (19/8)
JAPAN**						
Nikkei (16/5/49)	25559.18	25396.57	25231.59	25344.34	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2129.31	2107.84	2091.42	2099.70	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	325.40	324.40	322.40	325.30	334.10 (14/8)	257.7 (28/1)
ANP CBS Indust (1970)	275.80	274.50	272.20	274.50	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	539.47	529.92	515.89	512.65	539.47	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1436.04	1429.60	1432.90	1460.90	1491.20 (12/8)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	2337.0	2299.0	2315.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	—	2220.0	2222.0	2222.0	2226.0 (14/8)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	286.34	286.22	285.34	288.76	294.57 (4/8)	202.89 (8/5)
SWEDEN						
Jacobson & P (31/12/56)	3030.20	3022.20	3005.20	2985.90	3030.20	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	678.70	675.70	673.50	681.00	685.00 (14/8)	559.7 (25/2)
WORLD						
M.S.Capital Intl (1.1.70)		487.7	481.9	481.3	482.60 (14.8)	361.3 (2.1)

** Saturday August 15 Japan Nikkei Closed

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia All Ordinary and Metals—500, NYSE All Common 50, Standard and Poor's 10, and Toronto Composite and Metals 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

Closing prices, August 21

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36⅝	20⅝	AAR s	.50	1.4	24	144	36	35	35⅝	−⅛
50¾	22	ADT	.92	1.8	29	3142	u51¼	50⅜	51	+¾
31¼	16¾	AFG s	.16	.5	10	186	29¼	29	29¼	+⅛
22⅞	8⅞	AGS s			18	708	20	19⅛	19⅝	−½
10⅞	6¾	AMCA				14	10½	10⅜	10⅜	
9⅞	4⅞	AM ind				1119	8⅞	8⅛	8⅛	−¼
65½	50¼	AMR			13	5844	63¼	62½	63¼	+½
12	8⅛	ARX s			14	720	u12¼	11¾	12	
73½	31¼	ASA	2a	3.1		884	64¾	64⅜	64½	−½
29	8¾	AVX	.32	1.8	38	78	18⅛	17⅞	17⅞	−⅛
67	41	AbtLab 1		1.5	26	3728	65¼	64¾	65⅛	
29	24¾	Abitibi g				39	26⅞	26½	26½	−⅛
16¾	9⅝	AcmeC .40		2.6	18	476	15⅝	15	15⅝	+⅛
10½	6⅛	AcmeE .32b		3.2	63	45	10¼	9⅞	10	−¼
23⅞	19	AdaEx 3.42e		16.		174	21⅞	21½	21½	−⅜
18½	11⅛	AdmM s .24		1.6	72	18	15½	15¼	15¼	−⅛
26¼	12⅝	AdvSys .62t		2.3	19	374	u26½	26¼	26½	+⅜
24½	12⅞	AMD				12148	21⅞	20⅞	21¼	+½
54¾	47	AMD pf 3		5.6		36	53¼	52⅝	53¼	+1
11⅞	5¾	Adobe				38	10⅛	10	10	−⅛
20½	14¾	Adob pf 1.84		9.3		59	20	19¾	19⅞	−⅛
21⅞	17	Adob pf 2.40		12.		24	20¼	20¼	20¼	−¼
15	10⅝	Advest .12i		1.0	9	228	12¼	11¾	12	+⅛
88¼	53	AetnLf 2.76		4.3	9	3317	64	63⅝	63⅞	+¼
63½	26½	AflIPb s .32		.4	24	1058	80	77	77	−1
27½	18⅝	Ahmans .88		4.2	8	5016	21½	21	21⅛	−¼
5⅝	2⅞	Aileen				80	3⅝	3½	3½	−¼
53⅞	31¼	AirPrd 1		1.9	22	875	51⅞	50¾	51⅝	+⅜
36	17¾	AirbFrt .60		2.1	12	180	28¼	27⅞	28	
15	7⅝	Airgas n			21	39	13⅛	13	13	−⅛
20⅞	16¼	Alrlse n1.57e		8.9		33	17⅞	17⅝	17⅝	−⅛
15-32	¼	AlMoan				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 2[illegible]

NYSE COMPOSITE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
62¾	51	Xerox	3	3.5	19	8084	u85	81¾	84¾	+3
58¼	54¼	Xerox pf6.45		9.8		358	55¼	55⅛	55¼	+⅛
31½	21½	XTRA	.64	2.1	24	105	30⅞	30	30	−¾
27⅞	25⅝	XTRA pf1.94		7.3		2	26½	26½	26½	
30½	15	Yorkin			15	292	u30⅞	29¼	30¼	−¼
7¼	2¼	Zapata				549	5½	5⅜	5½	+⅛
32⅞	20¾	Zayre	.40	1.3	11	6132	31¼	30⅝	30⅞	−⅝
14¾	9¾	Zemex	.40	3.1	8	50	13⅛	12¾	13	+¼
33⅝	18⅞	ZenithE			125	1349	31¾	31⅛	31¼	−½
13½	7⅛	ZenLab				965	8¼	8	8⅛	−⅛
28¼	18¾	ZenNtl	.80	3.5	14	147	24	23⅛	23⅛	−¾
20⅝	12⅝	Zero	.36	1.8	20	111	20⅛	19⅞	19⅞	−¼
30¾	17½	Zurnin s .68		2.4	19	165	28⅜	28	28¼	−⅛
10⅝	8¾	Zweig n.65e		6.6		1521	10⅛	9⅞	9⅞	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices, August 21

OVER-THE-COUNTER

Nasdaq national market, Closing prices, August 21

Continued on Page 23

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar set on downward trend out of the chaos

BY COLIN MILLHAM

ACCORDING TO Baring Brothers economics unit the oldest profession is not the one we have always been led to believe. It is not even an architect, who can also lay claim to the title by saying that before the "Great Architect" there was only chaos, because the economist answers "Who do you think created the chaos?"

There must be a certain amount of sympathy with this argument at present, after a month when the major economic figures have confounded the forecasters and left financial markets in a state of confusion.

The only consolation is that August has produced several shocks, as far as statistics are concerned, but this week should not provide any more.

There is unlikely to be much news to move the foreign exchanges, unless Mr Alan Greenspan, the new chairman of the Federal Reserve Board decides makes a policy statement.

This is something the market is waiting to hear, but with the dollar weak and vulnerable Mr Greenspan will be very concerned not to send the currency into free fall with a few ill chosen words.

The main shocks for the market have been the US trade figures and UK bank lending, but whereas the trade news reversed the dollar's slow recovery, the bank lending figures had little impact on sterling, perhaps because they are not expected to have any immediate effect on policy.

Alarm was most noticeable in the gilt and equity markets, with the foreign exchanges and the London money market showing less concern.

The US trade deficit, announced around the middle of the month has ended a period of steady improvement by the dollar. Factors such as the Gulf War have been pushed into the background, as economic fundamentals have overwhelmed the currency.

Japanese officials have made one or two comments, but must be concerned that the trade imbalance between the US and Japan will provide dangerous ammunition for the protectionist lobby in the US Congress.

Next month's return from recess will see Congress resume debates on a trade bill, which President Reagan has threatened to veto, because of its protectionist tone.

But Congress has not met since the very bad June trade figures were announced, and the Democrat-led assembly now has further justification for overriding the veto with a two thirds majority vote.

Japan may find acceptance of a further depreciation of the dollar against the yen the lesser of two evils. Mr Kiichi Miyazawa, the Japanese Finance Minister, said last week that the currency rate should be left to the market.

Friday's downward revision to 2.3 per cent from 2.6 per cent in second quarter US gross national product growth was perhaps the final nail, as far as any recovery of the dollar was concerned.

Today's figures on US personal income and consumption in July will be shrugged aside by the market. The general view is that personal income will rise 0.5 per cent and consumption 0.6 per cent. Morgan Grenfell says the figures should see buoyant gains, in line with strong employment and retail sales numbers. Morgan Grenfell and Nomura Research Institute forecast consumption at 0.8 per cent, but Nomura's estimate of personal income is below the median of 0.4 per cent.

Whatever the outcome, these figures are unlikely to have much influence. Even the economists will find is difficult to increase the level of chaos this week.

£ IN NEW YORK

Aug. 21	Close	Previous Close
£ Spot	1.6320-1.6330	1.6150-1.6160
1 month	0.42-0.40 pm	0.43-0.41 pm
3 months	1.27-1.25 pm	1.29-1.27 pm
12 months	4.40-4.35 pm	4.35-4.25 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Aug. 21	Previous
8.30 am	72.4	72.4
9.00 am	72.4	72.5
10.00 am	72.3	72.5
11.00 am	72.3	72.5
Noon	72.4	72.5
1.00 pm	72.5	72.5
2.00 pm	72.5	72.4
3.00 pm	72.5	72.4
4.00 pm	72.6	72.4

CURRENCY RATES

[illegible]

*CS/SDR rate for Aug. 20; 1.69922.

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

[illegible]

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6290	1.6250	1.6164	1.6036	1.5850
D-mark	2.9600	2.9452	2.9140	2.8698	2.7862
French Fr.	9.9000	9.9886	9.8962	9.8930	9.8865
Swiss Fr.	2.4500	2.4368	2.4109	2.3716	2.2986
Yen	232.50	231.30	228.92	225.27	218.93

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0747	+1.45	+0.79	±1.5344
Danish Krone	7.85212	7.98869	+1.74	+1.08	±1.6404
German D-Mark	2.05853	2.07253	+0.69	+0.03	±1.0981
French Franc	6.90403	6.92905	+0.36	−0.30	±1.3674
Dutch Guilder	2.31943	2.33529	+0.68	+0.02	±1.5012
Irish Punt	0.768411	0.774942	+0.85	+0.19	±1.6684
Italian Lira	1483.58	1500.96	+1.17	+1.10	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: Two years 8¾-8⅞ per cent; three years 8⅞-9 per cent; four years 9¼-9⅜ per cent; five years 9⅜-9½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT—FORWARD AGAINST THE POUND

[illegible]

Belgian rate is for convertible francs. Financial franc 61.95-62.05. Six-month forward dollar 2.57-2.52 c pm. 12-month 4.45-4.35 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Aug. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
...	[illegible]					
Sweden	6.3-6.40½	6.36¼-6.37¼	1.10-1.40ore dis	−2.34	3.80-4.20 dis	−2.50
Japan	142.30-143.45	142.65-142.75	0.40-0.37y pm	3.22	1.12-1.07 pm	3.06
Austria	12.79½-12.85¼	12.80-12.80½	3.25-2.25gro pm	2.57	9.00-7.00 pm	2.49
Switzerland	1.5020-1.5150	1.5040-1.5050	0.46-0.41c pm	3.45	1.27-1.22 pm	3.29

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.00-38.10.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
116	0.00	1.51	1.60	3.37
118	0.00	1.10	3.60	4.60
120	0.00	0.46	5.60	6.32
122	0.00	0.27	7.60	8.13
124	0.00	0.17	9.60	10.03
126	0.00	0.11	11.60	11.61
128	0.00	0.06	13.60	13.56
130	0.00	0.03	15.60	15.53

Estimated volume total, Calls 1,596 Puts 3,812
Previous day's open int: Calls 42,827 Puts 25,343

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
80	9.26	8.36	0.00	0.08
82	7.26	6.48	0.00	0.20
84	5.26	5.05	0.00	0.41
86	3.26	3.41	0.00	1.13
88	1.26	2.19	0.00	1.55
90	0.00	1.17	0.38	2.53
92	0.00	0.44	2.38	4.16
94	0.00	0.21	4.38	5.57

Estimated volume total, Calls 121 Puts 38
Previous day's open int: Calls 1,925 Puts 1,763

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Puts—Last Aug.	Puts—Last Sept.
22250	0.00	4.36	2.35	6.71
22500	0.00	3.60	4.85	8.45
22750	0.00	2.79	7.35	10.14
23000	0.00	2.13	9.85	11.98
23250	0.00	1.60	12.35	13.95
23500	0.00	1.18	14.85	16.03
23750	0.00	0.85	17.35	18.20
24000	0.00	0.61	19.85	20.46

Estimated volume total, Calls 9 Puts 5
Previous day's open int: Calls 432 Puts 331

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT BOND

[illegible]

THREE-MONTH STERLING

£500,000 points of 100%

[illegible]

THREE-MONTH EURODOLLAR

$1m points of 100%

[illegible]

FT-SE 100 INDEX

£25 per full index point

[illegible]

U.S. TREASURY BONDS 8%

$100,000 32nds of 100%

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

$100,000 32nds of 100%

[illegible]

JAPANESE YEN (IMM)

Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM)

DM125,000 $ per DM

[illegible]

U.S. TREASURY BILLS (IMM)

$1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM)

$1m points of 100%

[illegible]

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

[illegible]

STANDARD & POORS 500 INDEX

$500 times index

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

[illegible]

IMM—STERLING Se per £

[illegible]

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6278	1.6241	1.6241	1.6138
Dec.	1.6137	—	—	1.6007
Mar.	1.6030	—	—	1.5900

Estimated volume 112 (37)
Previous day's open int. 892 (927)

MONEY MARKETS

Arguments grow on future of rates

THE FUTURE for London interest rates is confused. In the near term there is no prospect of change, as sterling holds steady, but the financial markets now believe they know why the Chancellor decided on a sudden rise in bank base rates earlier this month, and it is the debate on an overheating economy that has led to a difference of opinion.

Economic news since the rise in base rates was acceptable, until last Thursday's bank lending figures, but the debate on rates has not been settled.

Stockbroker James Capel's latest economic assessment says that even if the authorities are worried about overheating, the logic behind raising interest rates is open to question.

It argues that higher base rates mean a rise in mortgage rates and consequently inflation. Capel, says if the Government is worried about domestic demand the appropriate response should be a shelving of any planned tax cuts.

Nomura Research Institute in London agrees about interest rates, and expects an improvement in the gilt market this week, but sees next Monday's breakdown in the non-clearing element of bank lending as important, as well as UK trade figures on the same day.

UK clearing bank base lending rate 10 per cent since August 7

Morgan Grenfell does not expect higher interest rates, because the authorities had a good idea of the trend in bank lending when deciding to engineer a rise of only 1 per cent.

But Greenwell Montagu Research suggests that if the Chancellor does not strategically review his proposed fiscal policy he may be forced to accept further rate increases, because of a deteriorating current account trend and a buoyant economy.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 21) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 13/16	offer 7 1/16	bid 7 3/16	offer 7 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

BANK OF ENGLAND TREASURY BILL TENDER

	Aug 21	Aug 14		Aug 21	Aug 14
Bills on offer	£300m	£300m	Top accepted rate of discount	9.8670%	9.6865%
Total of applications	£925m	£1,590m	Average rate of discount	9.8406%	9.6809%
Total allocated	£300m	£300m	Average yield	10.09%	9.92%
Minimum accepted bid	£97.54	£97.585	Amount on offer at next tender	£300m	300m
Allotment at minimum level	70%	38%			

WEEKLY CHANGE IN WORLD INTEREST RATES

[illegible]

London—Bank 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8.25	One month	Unav.	Three year	8.09
Broker loan rate	7.75	Two month	Unav.	Four year	8.21
Fed. funds	6⅝	Three month	6.27	Five year	8.33
Fed funds at intervention	(—)	Six month	6.53	Seven year	8.58
		One year	6.98	10 year	8.76
		Two year	7.74	30 year	8.97

August 21	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.70-3.80	3.80-3.95	3.80-3.95	3.85-4.00	4.10-4.25	5.0
Paris	7 1/16-7 3/16	7⅝-7¾	7 11/16-7 13/16	7 13/16-8 1/16	8 3/16-8 5/16	7⅝
Zurich	⅞-1⅛	3⅛-3¼	—	3⅜-3½	—	—
Amsterdam	5⅛-5¼	5¼-5⅜	—	5 7/16-5½	—	—
Tokyo	3.09125	3.65625	—	3.71875	—	—
Milan	11-11½	12¼-12¾	—	12¼-12¾	—	—
Brussels	5.70	6⅜-6½	—	6 9/16-6 11/16	—	—
Dublin	9⅛-9⅜	9¼-9⅜	9⅝-9¾	9⅞-10⅛	10⅛-10⅜	—

LONDON MONEY RATES

[illegible]

Treasury Bills (sell); one-month 9 9/32 per cent; three-months 9 11/32 per cent; Bank Bills (sell); one-month 9⅝ per cent; three months 9 11/16 per cent; Treasury Bills; Average tender rate of discount 9.8406 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1987. Agreed rates for period August 26 to September 22 1987, Scheme II: 10.59 p.c. Schemes II & III: 10.49 p.c. Reference rate for period July 1 to July 31, 1987, Scheme IV: 9.236 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from August 1, 1987: Bank Deposit Rates for sums at seven days' notice 5-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 9½ per cent; six-nine months 10 per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from August 18. Deposits withdrawn for cash 5 per cent.